



Retaining Employees

About this Topic: Retaining Employees



Topic Mentors

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James Waldroop and Timothy Butler are the directors of the M.B.A. Career Development Programs at the Harvard Business School. They have spent many years helping business people work through the career planning and development processes. Waldroop and Butler are also the authors of three highly-acclaimed *Harvard Business Review* articles and two books: *Discovering Your Career in Business* (Perseus, 1997) and *Maximum Success: Changing the 12 Behavior Patterns That Keep You from Getting Ahead* (Doubleday, 2000). They are frequent contributors to the national media, with articles in *Fortune* and *Fast Company*, and have appeared on radio and TV to discuss issues related to career management, retaining talent, and maximizing personal effectiveness.

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What Would You Do?

What would you do?

Richard had expected Angela to be pleased with her performance appraisal. His feedback was positive, plus he had given her a raise and a promotion. He was perplexed by her reaction. She had said that she wanted to do something else—and that her work wasn't fulfilling anymore. How could she be dissatisfied with her job when she was so good at it? Should he offer her more money? He hated to think about losing her, but was there some way to convince her to stay?

What would you do?

Richard should talk with Angela to better understand why her work no longer feels fulfilling. The goal is to ask questions and uncover the root cause of her dissatisfaction. By digging deeper, Richard can learn what Angela would consider improvements in her current job duties.

For example, perhaps Angela would like to lead others, work more with technology, and take on more assignments that require creativity.

He can then explore opportunities to "sculpt" Angela's job to better match her interests or perhaps to identify more satisfying opportunities for her within the company—to retain this valuable employee.

In this topic, you'll learn how to create a positive, productive culture in your department, keep employees motivated, and manage or remove common obstacles to retention.

Retaining valued employees gives your company a vital competitive edge. But how do you begin tackling this challenging process?

Topic Objectives

This topic contains information on how to:

- Stay competitive in the war for talent by using creative and effective retention strategies
- Manage or remove common obstacles to retention, such as burnout and work-life imbalance
- Develop programs to better meet employees' diverse needs and interests
- Hire the right employees in order to improve retention

What is retention?



What's the best way that you—a manager or human resource professional—can give your company its strongest competitive edge? Employee retention.

But what *is* retention, exactly? The word refers to a company's ability to keep talented employees—people who will help their organization remain competitive in a world of rapid change.

Retaining good employees is arguably among the most essential ingredients for success in today's business world. Why? Because it's people—not machines or financial assets—who acquire, build on, and use the very knowledge that companies depend on to survive and thrive in times of accelerating change.

Activity: Assess your retention behaviors

Retaining good employees is the key to keeping your organization competitive.

Use this self-assessment to help you gain a sense for how your behaviors and attitudes might influence retention in your department.

Answer each of the following fifteen questions "yes" or "no." Record your answer to each manually as you go.

1. Do you believe that managers can play an important role in their firms' retention rates?

2. Do you rarely hold "stay interviews," professional development reviews, or other meetings in which you and your employees discuss how they're doing?
3. Do you have a poor sense of your department's, division's, or team's microculture and how well it suits the majority of your people?
4. Do you think that employees' family and personal lives are just as important as their work lives?
5. Do you join in the fun when others are taking breaks, sharing jokes, and generally relieving stress?
6. Do you make an effort to listen for, understand, and address the unique concerns or needs of the diverse employees in your group?
7. Do you understand each employee's core business interests, work reward values, and skills, and how well his or her current role suits all three?
8. Do you have a strategy in place for detecting and addressing potential burnout among your team?
9. Do you know exactly how much turnover in your group costs the company, in terms of dollars?
10. Do you believe that most employees consider compensation the most important aspect of their work?
11. Do you feel comfortable with the idea of "job sculpting" (redefining an employee's current role so that it better matches his or her core interests) and helping employees find other opportunities within the company if sufficient sculpting isn't possible?
12. Do you think that employees' personal and professional development is important to them and find ways to support them in this effort?
13. Do you have clear retention targets established for each function and role in your department and have a process in place for assessing how well you're meeting those targets and closing any gaps?
14. Do you routinely acknowledge your people's contributions in personal, creative ways?
15. Do you know exactly which of your people are your top one-third performers and which are your high-potential people?

Tally your score, giving yourself one point for each "yes" answer, and select it from the options below.

☐ 0-5

The higher your score, the more skilled you are at retaining valued employees. Your score indicates that you would benefit significantly from taking a more rigorous approach to retention in your team or department. Look again at the 15 statements you rated. For each statement where you did not choose the optimal answer, ask yourself what you might start doing now in order to better apply the practice described in that statement.

☐ 6-10

The higher your score, the more skilled you are at retaining valued employees. Your score indicates that you are somewhat effective at retention but that you might benefit from further strengthening your skills. Look again at the 15 statements you rated. For each statement where you did not choose the optimal answer, ask yourself what you might start doing now in order to better apply the practice described in that statement.

☐ 11-15

The higher your score, the more skilled you are at retaining valued employees. Your score indicates that you are very effective at retention. Still, to ensure that you're as effective as possible, look again at the 15 statements you rated. For any statement where you did not choose the optimal answer, ask yourself what you might start doing now in order to better apply the practice described in that statement.

Leadership Insight: What employees value

Managers keep asking me, "Why do people stay? What will allow me to hang on to my talent for a little while longer?" So, I start by asking them the question that I've asked over 17,000 people now in research that we've done. And the question is this: "Think back to a time when you've stayed in an organization for a while." And "a while" is a relative term. So, for some people, a while is two years. For some people, a while is 30 years. "And think about what kept you there."

I just recently asked a whole audience full of people to do exactly that exercise, and once they do that, they have three, four reasons in mind. I then say to that audience, "So, shout it out. What kept you?" And recently, I heard from corners of the room, "It was all about the good boss. It was about the challenge. It was about flexibility. These were the reasons that I stayed in my organization for a while."

And of course we saw, and we see all the time, that their answers match the research answers. The top five responses are these: First, interesting, challenging work. Second, a chance to learn and grow. Third, great people. Fourth, fair pay — pay does land on the list. And fifth, a great boss.

So, we know that there are those factors in common among virtually all workers. But, here's the rub: there's great diversity in response.

So, you heard me say that in one part of the room, someone said, "It was the fun work environment that kept me." Somebody else said, "It was about flexibility."

So, what this means is that engagement and retention are largely individual activities. They are conducted between the manager — you — and your treasured, talented employee. You need to know what will ring each person's chimes, because there is such variance, there is such diversity between people.

So, this is what we know about stay factors. Yes, there are those in common, but don't just trust that everybody wants one of those top five. You need to sit down and find out what rings the chimes of each of your treasured, talented employees.

There are many reasons why people stay in their organizations. The manager's job is to find out what individual team members value and develop strategies to retain them.

Sharon Jordan-Evans
President, The Jordan Evans Group

Sharon Jordan-Evans is a pioneer in the field of employee retention and engagement.

She coauthored the Wall Street Journal bestseller "Love 'Em or Lose 'Em: Getting Good People to Stay" with Beverly Kaye, which is now in its fourth edition and has been translated into 20 languages.

Her follow-up book, "Love It, Don't Leave It: 26 Ways to Get What You Want at Work," also became a Wall Street Journal bestseller and has been translated into 15 languages.

Sharon runs a consulting company, The Jordan Evans Group, where she coaches high-performing executives and speaks to audiences about engagement and retention.

As a corporate coach and keynote presenter, she works with Fortune 500 companies such as AMEX, Boeing, Disney, Monster, Lockheed, and Sony. Her Web site is: www.jeg.org.

The current state of employee commitment

Some recent statistics reveal just how crucial the issue of employee retention is. According to one study:

- As many as 33% of employees—one in three—are "high risk"; that is, they're not committed to their present employer and are not planning to stay for the next two years.
- About four in ten—39%—feel "trapped"; they aren't committed to the organization, but they're currently planning to stay for the next two years.
- Only 24%—about one in four—are "truly loyal"; they're committed to the organization and are planning to stay on for at least two years.

Clearly, an alarming number of employees would like to or are planning to leave their companies.

Retention is relative

From an organization's point of view, retention doesn't mean trying to hang on to every employee forever. It means keeping good employees for the *most appropriate amount of time for their particular function or level*.

For example, with some jobs, such as entry-level computer programming, the ideal tenure may be just two years. By allowing people to move on after that time span, your firm can then hire newcomers who have the most up-to-date educational background or technical expertise and who may cost less in terms of salary than more seasoned personnel.

One thing that retention is *not* is continuing to invest in employees who, for whatever reason, aren't contributing in positive ways to the company.

The importance of retention can also vary widely from culture to culture.

For example, in some countries, employees tend to stay at one company for their entire professional lives, while in other countries, they move from firm to firm frequently, depending on available opportunities and their interests and priorities.

Even within one culture or country (or within one geographic region), attention to keeping good employees may fluctuate, depending on economic conditions and shifting workplace realities.

But what makes talented people decide to stay the optimal amount of time at a particular organization? And just as important, what makes them decide to leave?

Understanding the answers to these two questions can help you work out the best retention strategy for *your* firm—and for each function within it.

Why people stay

“If you want to keep good people,
give them as much of what they want
as you can.”
—Roger E. Herman

People stay with a company for many different reasons, including:

- Job security
- A culture that recognizes the importance of work/life balance (that is, having time for family and community life in addition to work)
- Recognition for a job well done
- Flexible hours and/or dress code
- A sense of belonging
- A desire to follow tradition
- A fun, or at least compatible, corporate culture

And, as with the importance of retention, these reasons can vary widely from culture to culture.

However, in cultures in which it's assumed that people may freely change jobs, the *major* motivations for staying are:

- **Pride in the organization:** People want to work for well-managed companies headed by skilled, resourceful leaders—that is, top-level managers who have a clear vision of the firm's future, who can devise powerful strategies for success, and who can motivate others to realize that vision.
- **Compatible supervisor:** Even more important is employees' immediate relationship with their supervisor. People may stay just to work for a particular individual who is supportive of them.
- **Compensation:** People also want to work for companies that offer fair compensation. This includes not only competitive wages and benefits but also intangible compensation in the form of opportunities to learn, grow, and achieve.
- **Affiliation:** The chance to work with respected and compatible colleagues is another element that many people consider essential.
- **Meaningful work:** Finally, people want to work for companies that let them do the kinds of work that appeal to their deepest, most passionate interests. Satisfying and stimulating work makes

all of us more productive. It also helps us *self-actualize*, that is, *clarify* who we are as unique individuals, and then *become* who we are.

Leadership Insight: Love what you do

On the way out here on the airplane, I'm always a busy worker and I work like a nut on the airplane. As we were going down, I put my papers together, and I was looking at the woman opposite of me.

She says to me, "What do you do?" I said, "Well, I'm a consultant and I talk about the subject of why people stay in organizations." I happened to have my book and I gave it to her and she thumbed through it and looked at the first chapter, which is about the stay interview. Why do people stay?

We asked a couple of questions, great questions that any manager could ask of any of their direct reports. Questions like, "What makes for a very good day? What job that you left would you go back to if you could, because it had something you loved?" The third question we asked is, "If you won the lottery, what would you miss?"

She looked at the questions and she leaned over me and she said, "You know what, I won the lottery." It's true, I said, "What?" I won the Massachusetts lottery a year ago. "Oh my heavens." I said, "Are you still working?" She said, "Yes, I am."

I said, "What kind of work do you do?" She said, "It's a \$10 an hour job, it's not a great job, but I love it. It gives me a reason to get up in the morning." She was whispering then, and I said, "Why are you whispering?" She said, "I don't want anyone to hear that I won the lottery, because people come out of the woodwork. I care about my job so much, it gives me meaning."

What I really believe is that meaning trumps money and all of our research said that. That if I'm not happy doing what I'm doing, if I'm not connected to it and I'm not passionate about it, all the money in the world doesn't help doesn't help for long.

Is meaning more important than money when it comes to job satisfaction?

Beverly Kaye **CEO, Career Systems International**

Dr. Beverly Kaye is a best-selling author and is internationally recognized as one of the most invested, knowledgeable, and practical professionals in career development, talent retention, and mentoring.

She is the founder and CEO of Career Systems International, whose clients include many of the top Fortune 500 companies.

She is the author of "Up Is Not the Only Way" and coauthor of "Love 'Em or Lose 'Em: Getting Good People to Stay" and "Love It, Don't Leave It: 26 Ways to Get What You Want at Work." A dynamic and committed keynote speaker, Beverly's presentations engage participants, stimulate learning, and inspire action.

She has a doctorate from UCLA, and completed graduate work at the Sloan School of Management at MIT.

Why people leave



People typically leave an organization because conditions change.

For example:

- Either the quality of top management's decisions declines, or new leaders—whom employees don't yet trust or feel comfortable with—take the helm. People may also leave because their relationship with their own supervisor becomes too stressful or problematic, and they don't see any other options in their company.
- One or more colleagues whom an employee particularly likes and respects leaves the firm, thus taking away the affiliation that means so much to that employee.
- A person's job responsibilities change so that the work no longer appeals to his or her deepest interests or provides a sense of profound meaning or stimulation.

But perhaps the more central point to keep in mind when thinking about why people leave is this: *People most often leave for the wrong reasons.* That is, they leave without really understanding why they're unhappy or what opportunities to improve things may exist within the company. Thus they jump from company to company, making the same mistake each time.

For example, an engineer is promoted to a managerial position because she's a high performer who has been at the company for a while.

This person may not even like being a manager. But she hasn't yet identified her deepest work interests, so she doesn't make the connection between her new role and her unhappiness. Instead, she concludes that she just doesn't like the company anymore—and starts looking for another job.

Unfortunately, when she finds another job outside the company, it'll likely be another managerial position. So, she'll work at that job for a while but then realize that she's still unhappy—and decide that the new company, too, is a bad fit for her.

Indeed, mid-level managers seem to repeat this pattern more than any other employee group.

Reversing the pattern

For mid-level managers, as well as any other employees who fall victim to this misguided career pattern, human resource professionals and supervisors can help reverse this cycle. How? By helping employees to clarify *why they're unhappy and what opportunities for improving the situation exist within their job and the company*.

By framing discussions about these matters in terms of *leadership, compensation, and meaningful work*, supervisors can then collaborate with employees to devise a solution. Here are some examples:

- If the problem has to do with the relationship between you and a direct report—for instance, difficulties with communication or with performance expectations—regular meetings to address the issues often help. Getting assistance from your human resource specialist could also improve the situation.
- If the concern is wages, perhaps you can support giving the person a raise. Firms typically analyze compensation within their industry, which your human resource specialist (if your company has one) can share with you. Try to problem-solve to provide other intangible benefits that will have meaning and value in addition to straight compensation—such as training, which also has monetary and development value.
- To meet affiliation needs, consider how you can build community within your work group. You could sponsor functions or events that give employees time to build these personal networks and have fun, such as joining a company baseball team.
- If people want to leave because their work no longer interests them, supervisors can often find ways either to "sculpt" current roles so that they better match employees' interests or to help people identify more satisfying opportunities within the company.

The key point is to look beyond employees' *stated* reasons for wanting to leave. By digging deeper, you can help people identify more productive options and avoid the tendency to leave a job without discovering the real reason they are unhappy.

Strategies to retain valued employees

In general, firms can adopt numerous strategies to retain valued employees, including:

- Recognizing the early warning signs of defection
- Creating a retention task force whose mission is to build and strengthen the retention of talent throughout the organization
- Recruiting wisely
- Making sure to offer competitive compensation and an attractive culture
- Supporting employees' career development

Together, the above strategies can help your firm attract—and keep—the right employees.

The growing importance of intellectual capital



During the Industrial Age, a firm's physical assets—such as machinery, plants, and even land—determined how strongly it could compete. Now, in the Knowledge Era, intellectual capital defines a company's competitive edge.

What is intellectual capital, exactly? It's the unique knowledge and skills that a company's workforce possesses. Today's successful businesses win with innovative new ideas and top-notch products and services—all of which stem from employees' knowledge and skills.

Examples of people who possess intellectual capital include:

- Computer programmers
- Network engineers
- Technical designers
- Direct-marketing analysts

Other possessors of intellectual capital are:

- Mid-level managers (they know whom to contact to get things done)
- Top-level executives (they have years of business savvy and industry knowledge)
- Strategic-planning/business-development professionals (they know how to do competitive and other crucial analyses)
- Human resource professionals (they know about recruiting, employment law, compensation, and other critical employee-relations issues)
- In-house legal counsel (they may know about intellectual property, securities, and other areas of the law—and they will know whom to contact if necessary)

Whenever your firm's employees leave, the company loses their hard-won knowledge and (often expensively) acquired skills.

When those employees go to a competitor, the loss only gets compounded. Not only has your firm been deprived of an important part of its knowledge base, your competitors have *gained* it—without having to invest the time and dollars in training that your firm may have invested.

Key Idea: The cost of employee turnover

Key Idea

The cost of employee turnover involves a lot more than just lost training dollars. Whenever your firm loses a valued worker and then tries to replace him or her, it can incur these costs as well:

- Search expenses, including search firms, newspaper ads, and so on
- Direct interview expenses (airfares, hotels, meals, and so on)
- Managers' and team members' time spent interviewing
- Work put on hold until a replacement is hired and trained
- Overload on teams, including overtime, to get work done during selection and training of replacement
- Lowered morale and productivity of overburdened team members
- Sign-on bonus, moving allowance, and other perks for replacement
- Orientation and training time spent on replacement
- Initial low productivity of new employee during start-up period (often six to twelve months)
- Potential lost customers, contracts, or business
- Potential loss of other employees (the all-too-common "domino effect," in which one employee's departure catalyzes other departures)

In sheer dollar terms, the cost of employee turnover may shock you: All told, replacing an employee is likely to cost your firm *twice the departee's annual salary—at least!*

What is the true cost of failing to retain a valuable employee? It's higher than you think.

Adapted from Beverly Kaye and Sharon Jordan-Evans. *Love 'Em or Lose 'Em: Getting Good People to Stay*. San Francisco: Berrett-Koehler Publishers, 2008.

Retention's impact on customer satisfaction and profitability

“ Leaders view their best employees as they do their best customers: Once they've got them, they do everything possible to keep them. ”
—Frederick F. Reichheld

Losing a good employee carries another kind of price tag as well: the erosion of customer satisfaction and—ultimately—customer profitability.

How does this work? The longer employees stay with your firm, the more they get to know the company's customers (or their internal clients)—their likes, dislikes, special problems or needs, and unique ways of winning their loyalty. Customers get to know frontline employees, too, and appreciate hearing or seeing a familiar voice or face whenever they do business with your firm.

If those familiar employees leave, customers may not get the same quality of service they're used to. If they become dissatisfied as a result, they'll defect to other companies. And just as losing employees can get expensive, so can losing *customers*.

The statistics behind these trends are startling: Most companies lose half their employees in three to four years—and half their customers in five.

In an era when every loyal customer counts, your firm simply can't afford to lose the high-quality employees who keep those customers loyal.

Attitudes toward retention



Attitudes toward retention can differ markedly, depending on culture. Around the world, employees in different countries have varying degrees of job mobility—and they hold different assumptions about how mobile they can be. Even within one country or culture, workers may feel more or less mobile at different points in time, depending on what's going on in the business world.

If you're thinking about improving retention at *your* firm, you're necessarily assuming that employees have at least some degree of freedom to change jobs. Therefore, no matter where your firm is located on the global business "stage," the basic principles behind successful retention apply.

The demographics behind the competition for talent

“ Fifty-three percent of U.S. workers expect to voluntarily leave their jobs in the next five years. ”

—Jim Harris and Joan Brannick

In some countries, most notably the United States, demographic changes have made retention especially challenging. Here are just a few of the more remarkable statistics from the American scene:

- The workforce overall is maturing, with the average age of employees rising from 35 to 55.
- Meanwhile, the economy has been growing at 2.4%—while the workforce lags behind at only a 1.2% growth rate.
- By 2015, the population of Americans in the prime management age range of 35-45 will be 15% less than it was in 2000.

The ramifications of these trends? A pronounced shortage of skilled workers—and an escalating competition among companies to recruit and retain those that are available.

Changing economic developments

Many areas of the world are experiencing some dramatic economic shifts. For example, in some countries, the unemployment rate is falling while the economy is flourishing. During such boom times, businesses have plenty of money to fund the high salaries and perks that will lure desirable employees away from competitors.

What happens when you put the above two trends together—a tight labor market and a surplus of cash-rich, worker-hungry companies? You get a true "war for talent" in which attracting and keeping good employees becomes increasingly difficult for everyone—and turnover rates mount.

Cultural expectations

People's expectations about work also strongly influence retention patterns. Here are just a few examples:

- In some countries, or geographic regions within a country, companies *and* employees expect that people will work for one firm during their entire professional lifetime. Employees, their colleagues, and employers consider one another almost as family, and give each other the same dedication, commitment, and support that one would give family members.
- In other countries or geographic regions, the culture emphasizes fast-moving and continual change—including rapid "job-hopping" by workers in search of the best possible combination of work, compensation, and future opportunities.
- Some countries' employment laws make it very difficult to fire or lay off workers. In other regions, however, companies can let employees go easily without a required safety net such as a severance package.
- Some cultures expect primarily men to hold paid work positions outside the home; for others, the composition of the workforce in terms of gender, age, ethnic, or racial makeup, and so on, changes with other major historical shifts.

For example, in the United States, the government encouraged women to obtain paid work outside the home during World War II. After that war, women continued to pour into the workforce in unprecedented numbers.

As you might guess, a company's retention goals might be more or less challenging depending on the cultural factors that shape their region's or industry's employment trends.

Upheavals in the world of work

Finally, changing economic and cultural circumstances can influence dramatic upheavals in the world of work. Here are just a few examples:

- **A trend toward free agency.** Free agents—self-employed workers who serve various clients on a temporary, contract basis—now make up 15% of the American workforce.
- **The dissolving of the old employer/employee contract.** With the wave of reengineering and restructuring that hit many parts of the business world in the 1970s and 1980s, some companies downplayed the importance of the workforce. As a result, old assumptions about the employer as protector and the employee as loyal devotee evaporated. Now, workers who experienced this shift assume (correctly) that it's up to them to take charge of their own employability and careers—even if that means moving from firm to firm to get the best work and compensation package. In the United States alone, for example, most people will hold 8.6 *different jobs* between the ages of 18 and 32.
- **A growth in Internet recruiting.** The Internet also makes it easier than ever for employees to learn about—and apply for—jobs at other companies. And it's no longer just the young folks who are computer savvy enough to surf the Web for the perfect job. Workers of all ages and backgrounds are feeling more and more comfortable using the Internet to explore outside job opportunities.

When you put *these* trends together, it's clear that companies can no longer expect employees to join them early in life and stay indefinitely. Instead, firms must actively and creatively encourage good people to stay—especially in high-tech markets.

The prevalent generations in today's workforce

A generation is a group of people who, based on their age, share a common location in history and the mindset that accompanies it. Demographers have identified the following groups of people most prevalent in today's workforce:

- **The Boomer generation** (born between 1946 and 1964)
- **Generation X** (born between 1965 and 1979)
- **Generation Y** (born between 1980 and 1995)

While it can be problematic to overgeneralize about members of a generation (since unique circumstances shape people as individuals), differences between generations can be traced to the times during which each group came of age.

Research suggests that an individual's most powerful impressions about the world are shaped as a teenager. As such, the common teen experiences of each generation have a profound impact on its members' collective beliefs, behaviors, and assumptions about society and the workplace.

Generations differ in the way they approach work/life balance, loyalty, authority, and other issues that affect your organization. Mastering generational differences will enable you to foster a work environment that appeals to every generation—and retain your top talent.

Different underlying assumptions

Walk around any large organization and you will likely see three generations working side by side. Yet each group has a unique set of underlying assumptions about the work they are doing, and why they are doing it.

Generally speaking:

- **Boomers** tend to believe: I want to help change the world—but I also need to compete to win.
- **Generation X** tends to believe: I can't depend on institutions. I need to keep my options open.
- **Generation Y** tends to believe: I need to live life now—and work toward long-term shared goals.

These differing assumptions have significant implications for the role work plays in each generation's lives and what individuals expect to receive from their work.

Boomers at work

Boomers grew up amid general unrest and discontent in many parts of the world. Consequently, many Boomers concluded that the world needed to change—and felt empowered to get involved. Given the significant size of this population, Boomers also grew up with a lot of other Boomers. Since they frequently had to compete for opportunities throughout their lives, "winning" is very important.

These idealistic, cause-orientated, and competitive traits also play out in the workplace. Boomers as a generation are hardworking, are skeptical of positional leaders (even if they hold leadership positions

themselves), and prize individual achievement. They also bring:

- Extensive knowledge and rich business experience—they thus embody a major portion of your firm's intellectual capital
- Hard-won life skills—such as reliability, patience, or fair-mindedness—that people often gain only by grappling with day-to-day responsibilities over many years

However, these employees pose several difficulties for companies:

- They're all aging, turning 50 at the rate of about 11,000 per day. So, as they retire in droves, whole plants or departments may be decimated.
- They can be fiercely competitive, a trait that may not sit well with other generations.
- Many older workers are setting their sights on a second career or a more flexible job opportunity elsewhere.

Strategies for retaining Boomers

To keep Boomers on your payroll *and* productive, you may have to create a workplace in which conventional wisdom about job descriptions, hours, pay, benefits, and the like go out the window. Keep these four tips in mind:

1. **Ask Boomers what they need.** Merely opening a dialogue this way can help you better serve this age group's needs; for example, many older workers may value long-term health care insurance more than a big raise. Also, package new programs and opportunities as a way to "win."
2. **Support flexibility.** Many employees at this age want to work part-time, job-share, or telecommute. They're also interested in sabbaticals, unpaid time off, and time for pursuing opportunities to make a difference, such as community projects. Consider any of these offerings, as well as "phased retirement," which allows employees to reduce their hours in stages rather than all at once.
3. **Make work interesting and meaningful.** On the job, many Boomers want a sense of meaning and a chance to keep learning, and to give back. Employ a variety of reengagement techniques, from fresh assignments to mentoring and knowledge-sharing roles. Also provide whatever training Boomers need to pick up new skills—particularly in the area of technology.
4. **Tailor your compensation system.** Avoid "one-size-fits-all" pay plans. For example, while younger employees may want cash, older ones may prefer larger contributions to a retirement fund. Be creative!

Generation X at work



Members of Generation X, or Gen Xers, observed financial crises, skyrocketing divorce rates, and rampant unemployment during their teenage years. The first wave of corporate downsizing in the 1980s, in particular, deeply affected their approach to workplace loyalty and contributed to their entrepreneurial spirit.

As a whole, Gen Xers are self-reliant, independent, loyal to their friends, balanced, and adaptable to change. However, they present special challenges for companies seeking to define a retention strategy:

- Demographic trends, in the United States especially, have created an unprecedented shortage of these workers.
- Gen Xers are “free agents” who want to define their own career paths and take jobs that will help them advance to their next jobs. They exhibit short-term loyalties and believe that a career is about the individual, not the company.
- This generation knows the rules of the workplace, but is inclined to change them to suit their own needs. For them, work/life balance is everything; work must be tailored to fit with other life commitments.
- As Gen Xers at midlife contemplate the next steps in their careers, many feel underappreciated and frustrated by the corporations they work for. Many will consider leaving to start their own businesses or head for nonprofits.

Strategies for retaining Gen X workers

What can your company do to satisfy this critical cohort of leaders as the Boomers head toward retirement? Consider the following strategies:

1. **Earn loyalty by demonstrating commitment.** Gen Xers have learned to accept that nothing is certain in the corporate world. Therefore, they're most loyal to their own skills. Show them that your organization is committed to investing in the skills they'd like to develop. Providing Gen Xers the opportunity to sculpt their jobs to leverage the skills they've acquired will also help retain them for the long term.
2. **Give Gen Xers options for career development.** Gen Xers want to feel that they are in control, and they also want to be heard. Give Gen Xers a variety of choices for their next steps on their career path and ask for their input — it may surprise you. For example, promotions and other specialized responsibilities that appeal to other generations might be exactly what Gen Xers do not want. They may see these promotions as limiting their options and skill development.
3. **Re-recruit regularly.** Many Gen Xers continually question whether the job they have today is still the best opportunity possible, and thus need to be consistently “re-recruited.” Recognize their contributions — early and often. Provide stimulating work and let them help solve the company's

biggest problems. Flexible work options and the chance to prosper if the company does are compelling reasons for Gen Xers to stay with your firm.

4. **Provide opportunities for work/life balance.** Gen Xers value time with their family and friends, and appreciate any flexibility that allows them to make this time a priority. Also, minimize moves that sever social connections, such as a relocation.
5. **Set departing employees up to return.** Make sure that the Gen Xers who do leave do so on good terms. Allow them to exit gracefully and keep in touch. They might just come back for the right opportunity.

Generation Y at work

In four years, members of Generation Y (or Ys) will account for nearly half the employees in the world. Tremendous natural disasters and the surge in terrorist violence that Generation Y saw during their early teen years led them to believe that the world was random and uncertain. As a result, they have a desire for immediacy and are eager to live in the moment.

These workers also bring state-of-the-art technical knowledge into a firm's workforce; technology and computers have been ubiquitous since their birth. As a group, Ys are upbeat, socially conscious, goal-oriented, and self-confident.

But they pose some difficulties as well:

- Ys have high standards for themselves as well as high expectations of their employers. They expect employers to provide them with a customized road map for achieving success and managers to deliver a near-constant stream of feedback.
- This generation views work as a key part of life, not a separate activity. Ys place a strong emphasis on finding work that's personally fulfilling. If they don't feel that your workplace connects them to a larger purpose, they will take their talent elsewhere.
- Ys' views of time differ from practices in place at most organizations. While they are willing to invest the time required to get the job done, they may chafe at the idea of adhering to a fixed schedule and logging hours at the office for the sake of being present.
- The members of Generation Y are accustomed to a more horizontal and networked world than the hierarchical pyramid that still characterizes most of today's corporations. They are also used to ubiquitous technology and open access to information.

Strategies for retaining Ys

How can your firm meet its youngest workers' needs and retain the best among them? The following strategies can help:

1. **Make it personal.** Ys expect customized work experiences. They want to be challenged by a range of opportunities and have every intention of building their own "perfect" careers. Provide them the growth opportunities they seek, whether conducting a market research project in China or a six-month stint in your company's R&D department.
2. **Provide feedback—and expect it in return.** Provide frequent acknowledgment and feedback, as this allows Ys to continually learn. Also, solicit feedback on what's working and what's not—through face-to-face conversations as well as online tools. But be prepared for the feedback you receive. Ys are adept at expressing themselves—clearly and often—and are often blunt.
3. **Think task, not time.** Ys grew up in a world of instant communication (e-mail and text messaging) and tend to perform tasks quickly, often several at one time. Instead of tracking Ys' hours in the

office, allow them to work flexibly. Offer Ys opportunities to contribute to short-deadline, multifaceted group projects that play to their strengths.

4. **Emphasize meaning.** Ys' career choices are driven by a desire to play significant roles in meaningful work that helps others. Consider these workers "paid volunteers"—people who join an organization because there's something significant happening there—and provide opportunities for Ys to make a difference.
5. **Lead through learning.** Ys place a high priority on learning and developing new skills. Assign challenging tasks and provide teaching, mentoring, and coaching on a regular basis. Consider innovative practices such as group mentoring, in which a company sets up a technology platform that allows employees to create their own self-organizing groups.

Specialized strategies for different segments



In many parts of the world, the workforce is more diverse than ever—from part-time versus full-time status to gender, ethnicity, race, sexual orientation, physical ability, and age. And companies are both benefiting from and struggling with differences between employees.

Retention becomes especially challenging in a highly diverse workforce. "One-size-fits-all" strategies for keeping good people simply don't work. Instead, companies can best improve their retention rates by crafting creative, specialized strategies for major segments of the workforce.

Leadership Insight: The stay interview

The stay interview. Imagine this. imagine your boss calls you in, sits you down, and says this to you, "You matter so much to me and to our team and to this organization, I cannot imagine losing you. I probably don't tell you that often enough, but that's the truth. So I'd like to know, what will keep you here; what could entice you away?"

Now recently with a group of people, I asked, "How many of you have had a boss do almost exactly that?" And out of 500 people in the audience, five hands went up. So I called on one and I said, "How'd it feel?" He said it felt great.

I asked someone else, "How'd it feel?" "It felt fantastic. I felt valued."

I got to the fourth guy and he said, "It felt a little late. It was in the exit interview."

So isn't it true that often we find out how important, how treasured we are to the organization, when we're giving notice, when we're in the exit interview? So we decided we should try to have

stay interviews so we don't have as many exit interviews. And the stay interview is about doing something very similar to what I just said, sitting someone down.

Now a lot of managers are afraid of the answer, so they don't ask the question. They're afraid they'll be asked something that they can't give. So I encouraged a manager to do this recently, hold stay interviews with the people you don't want to lose.

So he sat down someone who is key to him on his team and he said, "I want to know what will keep you here. I can't imagine losing you." And the answer shocked him. The guy said, "You know, I aspire to move up in the organization at some point. I'd like to have some visibility to the senior team, and I'd actually like them to know me a little bit. Is there any way you could arrange that for me?"

And Charlie, that manager, said, "I could take you with me to some staff meetings. I could get permission. How would that be?" "Oh, " he said. "That would be great." And Charlie said, "What else?" And he said, "No, that's it. That's good."

And Charlie the manager called me back and said, "That was easy. I expected it was going to be so hard. That was easy." Very often it is easy. If it is hard, and they ask for money and you can't give it, tell them they're worth that to you and more, you'll see what you can do about it — and meanwhile, what else? I guarantee if you ask what else, there will be something that they want that you can deliver on.

Have one-on-one conversations with valued employees to find out what will motivate them to stay with your organization.

Sharon Jordan-Evans **President, The Jordan Evans Group**

Sharon Jordan-Evans is a pioneer in the field of employee retention and engagement.

She coauthored the Wall Street Journal bestseller "Love 'Em or Lose 'Em: Getting Good People to Stay" with Beverly Kaye, which is now in its fourth edition and has been translated into 20 languages.

Her follow-up book, "Love It, Don't Leave It: 26 Ways to Get What You Want at Work," also became a Wall Street Journal bestseller and has been translated into 15 languages.

Sharon runs a consulting company, The Jordan Evans Group, where she coaches high-performing executives and speaks to audiences about engagement and retention.

As a corporate coach and keynote presenter, she works with Fortune 500 companies such as AMEX, Boeing, Disney, Monster, Lockheed, and Sony. Her Web site is: www.jeg.org

The contingent workforce

Members of the "contingent workforce"—part-timers, contractors, and temporary employees—offer some important advantages, as well as difficult challenges, for companies. Primary advantages include:

- Flexibility—companies can customize these workers' schedules to meet current work flow and demands, using them only when needed
- Affordability—firms save money on payroll taxes, health benefits, and other expenses by employing temps, part-timers, or freelancers

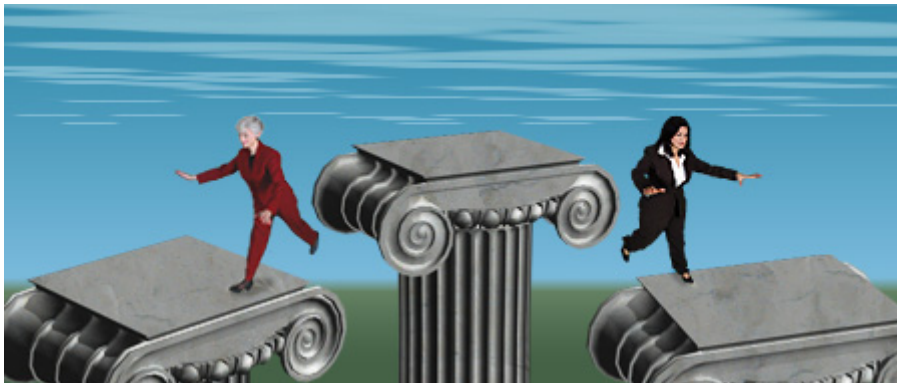
Challenges include:

- Particularly high turnover—sometimes as much as 200% to 300%—which introduces unpredictability and instability into the firm's culture
- A lower degree of loyalty to the firm and its products
- A growing demand for the same benefits that regular employees receive—such as satisfying work and career-development support

Because the contingent workforce is such a valuable resource, many companies are now developing programs designed specifically to retain these employees. Consider these examples:

- In exchange for a work commitment of a specified time, a contract worker may be assigned a "talent agent"—a person who acts as the worker's coach and representative in the company. With the talent agent's help, the worker can cultivate partnerships with other employees.
- A company offers contingent-workforce members skills training in exchange for a six-month commitment.

The gender-diverse workplace



In the United States and many other Westernized societies, the end of World War II saw an unprecedented flood of women into the workplace. Now, that trend is reversing—in some alarming ways.

For instance, women are leaving corporate America at *twice* the rate of men—many of them trading the corporate world for the entrepreneurial frontier.

Why? Many women:

- Consider "the glass ceiling" a very real barrier to advancement in the corporate realm
- Desire or need more flexibility
- Want to do for themselves what they had previously been doing for employers
- Have been inspired by a winning business concept (hitting on a great idea and identifying a market niche)

The resulting "brain drain" carries a heavy price:

- The loss of intellectual capital
- Damage to staff morale
- The cost of finding replacements
- New competition, as many women who leave to found their own businesses start an enterprise that's directly related to their previous experience

Strategies for retaining women

How can your firm respond? Try these five strategies:

1. **Analyze the current situation.** Identify how many women hold upper-management positions in your firm, and how many are in the pipeline. Then talk with these women—find out what's important to them, and then find ways to meet their needs.
2. **Discuss and explore gender-equity issues.** Informal business networks, mentoring opportunities, and after-hours socializing with clients can help top-notch female managers maintain their career momentum. Gender-awareness workshops can also address both men's and women's fears and concerns, and can provide a common language for discussing gender-related issues.
3. **Eradicate "invisible" barriers to women's success.** Take a hard look at your corporate environment. Barriers to female success can be subtle—but very real. Identify high-potential women and give them equal access to career-enhancing opportunities: line positions, skill-building opportunities, special project assignments, committee leadership, and appointment to high-visibility teams.
4. **Cultivate support throughout the organization.** For example, hold supervisors responsible for meeting the company's gender-equity goals. Assign an ombudsman to handle any bias incidents. Send a message from the top that signals acceptance of a broad range of leadership styles and an invitation to top talent—male and female—to rise.
5. **Promote the understanding that women's ways of managing are good for business.** Many older books on management advise women to act like men in order to succeed. Today, a wealth of research contradicts this approach. Specifically, numerous female entrepreneurs offer more flexibility, understanding, and an open management style—all of which can give their corporations a vital competitive edge.

There are many ways to address gender concerns in the workplace. No matter how you choose to do so, communication, creativity, and a proactive approach will help.

Race, ethnicity, sexual orientation, and other differences

“ You cannot honor and respect others unless you celebrate the differences between people. ”

—Beverly Kaye and Sharon Jordan-Evans

The unfortunate reality is that human beings have a long history of treating one another unfairly because of differences—whether the difference is race, ethnicity, sexual orientation, physical ability, or another characteristic. In many countries' histories, people have in fact suffered discrimination in the workplace—sometimes covert, sometimes open—if they didn't fit in with what others thought of as the "mainstream" culture.

Most people who are at all concerned about basic human rights understand the kind of damage that discrimination can cause a society in general. But this kind of unfair treatment also carries a high price for businesses, for the following reasons:

- **Differences are valuable.** The more diverse a workforce, the richer the blend of skills, perspectives, knowledge, and experience that workforce enjoys.
- **Business is global.** Today, the world's economies are connected as never before. Many companies are conducting business on an international basis, and numerous firms employ people from around the world. Companies that engage in and celebrate cultural, social, and other differences will function more effectively on this global stage.
- **People are people.** In times and places where the workplace talent pool has shrunk, companies can't afford to lose people because of diversity issues. Every talented employee counts, and finding ways to keep them simply makes good business sense.

Strategies for retaining diverse workers

So, how can your firm benefit from—and sustain—the many forms of diversity represented in its workforce? Keep these points in mind:

- **The question of fairness.** Many people assume that fair treatment means identical treatment. This isn't necessarily true. Sometimes by treating people differently, you're actually treating them more fairly—and helping your company as well.

For example, if a valued employee has physical limitations, finding a way to provide him with access to assistive technologies, such as voice-activated software (which isn't something you would do for other employees), might well boost his productivity even further. Both he and your firm benefit.

- **Appreciation of diversity.** The key is to listen to and understand the unique concerns of various segments of the workforce—and creatively address those concerns. Whatever the differences in the workplace, the following strategies can help:
 - Open a dialogue about employees' concerns to get everyone exploring solutions.
 - Suggest a diversity officer or champion who will identify and address concerns.
 - Provide diversity training and workshops.
 - Recognize and value what your direct reports have to offer through their different backgrounds and experiences.

For instance, an employee who grew up in a country that your firm does business with might have valuable insight on how businesses operate in that country.

- Look for ways to convey the message that you appreciate diversity.

For example, if your department or team is multicultural or international, workplace social events featuring delicacies from various cultures can be fun and educational, and can strengthen bonds among team members.

A cautionary note: Most members of non-mainstream groups—of whatever sort—develop an acute sense of smell when it comes to insincere gestures aimed at pacifying them. They'll be looking to see if your organization is really going to "walk the walk," not just "talk the talk." If you promise but don't deliver, it won't go unnoticed. This doesn't mean that your executive team has to reflect every conceivable aspect of diversity—and promoting unqualified non-mainstreamers only serves to alienate

everyone. But, if the opportunities for growth and advancement aren't really there, pretending and proclaiming that they are will only hurt your organization.

Hire for interests



What's the key to hiring right? Choosing people who will feel deeply and passionately *interested* in the kinds of activities that the job in question will entail.

People's deep interests in business find expression through eight different "core business interests," which have been grouped in the table below into three main categories: application of expertise, working with people, and control and influence.

Category 1: Application of Expertise

Application of Technology	Quantitative Analysis
<p><i>Examples:</i></p> <ul style="list-style-type: none"> • Engineering • Computer programming • Production and systems planning • Product and process design • Process analysis • Production planning • Systems analysis • Mechanical crafting/manufacturing • Researching 	<p><i>Examples:</i></p> <ul style="list-style-type: none"> • Market-research • Forecasting • Cash-flow analysis • Computer-model building • Production scheduling • Cash-flow and investment analysis • Accounting

Theory Development and Conceptual Thinking	Creative Production
<p><i>Examples:</i></p> <ul style="list-style-type: none"> • Economic-theory developing • Business-model developing • Competition analysis • Designing "big-picture" strategy • Process designing • Teaching business theory 	<p><i>Examples:</i></p> <ul style="list-style-type: none"> • New-product designing • Marketing and advertising • Developing innovative approaches and solutions • Event planning • Conducting public relations • Entertaining • Writing • Illustrating

Category 2: Working with People

Counseling and Mentoring	Managing People and Relationships
<p><i>Examples:</i></p> <ul style="list-style-type: none"> • Coaching • Training • Teaching • Helping • Drawing people out • Supporting • Providing feedback and advice 	<p><i>Examples:</i></p> <ul style="list-style-type: none"> • Managing others to accomplish business goals • Directing • Supervising • Leading and inspiring others • Selling • Negotiating • Motivating

Category 3: Control and Influence

Enterprise Control	Influence through Language and Ideas
<p><i>Examples:</i></p> <ul style="list-style-type: none"> • Controlling resources to actualize a business vision • Setting strategic direction for a company, business unit, work team, or division • Having ultimate decision-making authority • Making deals • Holding ultimate responsibility for business transactions, such as trades, sales, and so on 	<p><i>Examples:</i></p> <ul style="list-style-type: none"> • Negotiating • Deal-making • Conducting public relations • Selling • Persuading • Designing advertising campaigns • Communicating ideas through writing or speaking

Note: Often people have more than one interest, so that these categories may overlap. For example, a manager may enjoy working with people and applying special quantitative skills.

Activity: Make an interesting match

What factors will help you identify a good fit between a job candidate and the job requirements?

Job Candidate: Lee Anders

Interview comment: "What do I do in my spare time? Well, I like to play multiplayer computer games on the Internet—the more complicated, the better. I especially enjoy designing game elements, such as buildings, characters, and avatars."

What core business interest is Lee revealing through these comments?

☐ Counseling and mentoring

Not the best choice. Counseling and mentoring refers to interests in working with others in areas such as coaching, training, and teaching.

☐ Creative production

Correct choice. Anders' core business interest seems to be more directed toward creative production, as suggested by his comments during the interview about how much he enjoys designing elements in the games.

☐ Theory development

Not the best choice. Theory development refers to an interest in organizing or conceptualizing interactions between concepts or processes to create theories and models.

Job candidate: Carol Macy

Interview comment "You asked what excites me most about my work. I'd have to say that I love supporting people in their efforts to reach their goals and seeing them learn new things. I also really enjoy having complete responsibility for my job tasks."

What core business interest is Carol revealing through these comments?

☐ Influence through language and ideas

Not the best choice. A core business interest in influencing through language and ideas is typically expressed as an interest in fields such as communications, sales, or public relations.

☐ Managing people and relationships

Not the best choice. Someone whose core business interest is in managing people and relationships might enjoy the role of supervisor, manager, or sales executive, while an interest in training, teaching, and supporting falls under the category of counseling and mentoring.

☐ Enterprise control

Correct choice. Enterprise control refers to an interest in taking responsibility for outcomes, making decisions, and determining strategy.

Key Idea: Benefits of hiring for interests

Key Idea

Hiring primarily for interests is far more potent than hiring for skills, values, or even attitude—for several reasons:

- A job that satisfies someone's deepest interests will keep drawing that person's attention and inspiring him or her to perform and achieve.
- A person may be good at a particular job (that is, possess the perfect skills), but if the job doesn't let that individual express core interests, he or she won't be happy with the work for very long.
- It's far easier to help someone to acquire or strengthen skills than to make that person feel enduring passion for his or her work.

Certainly, skills play an important role in matching the right person to the right job. And new hires must have enough of the appropriate background, experience, and abilities to perform well on the job fairly quickly.

Nevertheless, a perfect "interests match" will increase the likelihood that the employee will stay with the company more than a perfect "skills match" will.

Why is hiring for interests much more important for retention than hiring for skills? The answer may surprise you.

Techniques for uncovering interests

So, how do you find out what a job candidate's core interests are? Try asking these questions during the interview:

- What have you most loved doing in other jobs?
- What do you like to read? Or, if you're glancing at a newspaper or magazine, what kinds of articles and advertisements are most likely to catch your eye?
- What do you enjoy doing in your spare time?
- What stage of a project really excites you the most?

Then see how his or her responses relate to the categories above. You can also show the candidate the three tables, and ask him or her whether one or more of the eight core business interests seem particularly appealing. Once you've found out where their interests lie, you can determine whether their interests are a good fit for the open position.

Hire for "microculture"

“Hiring has always been daunting; today's economy makes it more so.”
—Claudio Fernandez-Araoz

Large and small companies alike have a macroculture—that is, overall ways of doing things, general values, ways of treating and relating to one another, and so forth—and several or many microcultures—cultures within the macroculture that characterize different departments, functions, and so on.

For example, to the outside world, a particular organization may seem to have a somewhat formal macroculture, with employees in serious-looking business suits, strict rules of conduct, and so forth.

Yet within this same organization, there are likely to be many different microcultures:

- Perhaps in the software product-design department, long-haired engineers dressed in jeans and sneakers play pranks on each other every day during work breaks.
- At the same time, just down the hall in the marketing department, professionally coiffed people in precision-pressed business suits stride about with furrowed brows.

Your firm almost certainly has microcultures. The key to hiring right is to *understand* those microcultures—and choose people who will fit into, enjoy, and enrich them.

Culture is closely related to affiliation—that surprisingly common need to work with people whom we like, respect, and admire. A good "culture match" thus increases your chances of retaining those hard-won new employees.

So, if a job candidate truly enjoys wearing a formal suit to work every day and keeping conversations with colleagues strictly professional, you'll likely want to discourage that candidate from considering a job in a software enclave just down the hall!

Clarify what you want

Many hiring decisions start off on the wrong foot because the company hasn't clarified exactly what it wants in the new hire.

For example, often the different people with whom the new hire will interact (or who have a say in the hiring decision) all have their own ideas about the perfect job candidate.

Suppose your company wants to fill a product-designer position. In this case:

- The VP of design might want a seasoned individual who's gained extensive design experience at your firm's toughest competitors
- The head of finance may prefer a bright new (and more affordable) college graduate
- The marketing director might press for someone who's also picked up some marketing experience with the same kinds of products your company offers
- The new hire's supervisor may emphasize "people skills" and an ability to work flexible hours—along with all of the above

To avoid confusion and frustration in evaluating potential hires, try this procedure:

1. Before you even begin interviewing candidates, ask everyone who'll interact with the new hire to *privately* write down exactly what attributes their ideal candidate possesses.
2. Meet and openly discuss the differences in the various wish lists.
3. Decide together which requirements have priority.
4. Create a new list of requirements that everyone agrees on.
5. *Stick to that list* when evaluating candidates.

Avoid seeking the "hottest" prospects

Don't fall prey to the assumption that your firm has to win the hottest/best/brightest/most sought-after job candidates on the market, with the best grades from the best programs in the best colleges and MBA programs, in order to triumph in the war for talent.

That assumption isn't necessarily accurate. In fact, the most sought-after candidates—for example, newly minted, top-of-their-class graduates from the most prestigious business schools—might *not* be your best choice. Why?

- Winning them may cost your firm more than it can comfortably afford.
- Their educational or professional background may be more than what the job in question actually needs.
- They may be so confident of their desirability that they won't bring a healthy dose of appreciation and gratitude to their new job at *your* firm—and they'll always have one eye out for the "bigger, better deal."

Some "star" candidates may be worth the above risks. But you might do better if you:

- Look for candidates who will feel *honored* to receive a job offer from your firm—people who will appreciate the unique advantages that your organization has to offer. They'll make the most loyal employees.
- Craft a job offer that attracts the people you want and who will best fit with your company.

Beware of hiring in your own image

Another all-too-common siren song is the tendency to hire people who are just like you. Many managers assume that they can build strong departments or teams by gathering people who all have the same strengths and personalities—those defined by the managers themselves.

But remember: Diversity in personality, work styles, and decision-making approaches:

- Creates richness in a department's or team's culture
- Increases the group's chances of generating creative ideas and solutions
- Lets members complement one another's strengths and make up for one another's weaknesses

Compensation



Compensation (along with benefits) is the starting point for any firm that wants to remain competitive. In fact, the single greatest threat you may face is higher salaries offered by other organizations.

But here's the good news: Shortfalls in the area of compensation are also the easiest to identify and address. Here are some strategies:

- **Figure out what wages your industry is offering.** You can do this by hiring a compensation and benefits consulting firm—or by trying these more affordable options:
 - Track classified ads on the Internet
 - Network with members of human resources organizations
 - Consult trade organizations
- **Examine internal pay disparities.** Make sure that the pay for each job is roughly equivalent to that of similar jobs across the organization.
- **Don't assume you have to *outspend* your competitors**—just make sure you can meet employees' most important needs.

In some industries (for example, information technology), pay *is* king. People can change jobs twice a year and get double-digit percent increases. But most people consider other things more crucial or attractive than big pay increases.

Salary levels may be the starting point in compensation negotiations, but remember: there are other components to a compensation package. Many people also value the following benefits:

- Assistance with personal and professional development
- Equity or stock options in the company
- The chance to work with people they admire, like, respect, and can learn from
- Unusual benefits and perks
- A culture that reflects their interests and values

So, even if your firm isn't cash-rich, consider these other options. You can customize creative offerings that may prove more attractive to employees than a big paycheck.

Basic benefits



Today's employees are searching for something more than a paycheck for their work.

–Jim Harris and Joan Brannick

Like compensation, your firm has to provide certain benefits in order to compete in the arena of retention.

Today, many companies offer the following basic benefits (in addition to the usual paid vacation and other kinds of leave time):

- Pension and 401(k) plans
- 50% to 90% of employees' health and dental insurance premiums
- A year-end bonus if the company earned a profit in the preceding 12 months
- Stock options
- Onsite or (nearby) offsite child care
- Paid maternity and paternity leave
- Tuition reimbursement
- Membership to a fitness club or an onsite gym

Of course, the kinds of benefits offered vary from culture to culture and across geographic regions. To assess how your company's benefits and perks compare with those of your competitors, apply the investigative strategies outlined above under Compensation.

Special benefits and perks

As with compensation, even if your firm's benefits and perks don't quite measure up to those of the competition, you can still create an attractive benefits package. With an understanding of employees' needs and interests, along with some creative thinking, your firm can develop customized benefit plans by using special benefits and perks that don't add a lot to your budget but mean a lot to employees.

Here are some examples of perks that have grown increasingly common in today's business world:

- Monthly parties
- A game room
- Onsite massages
- Flex-time
- Nutrition consultations

- Softball league
- Onsite dry cleaning and laundry drop-off
- All-day breakfast bar
- Movie tickets/video library
- Museum passes
- High-tech tools such as Palm Pilots and extra-fast computers

An irresistible benefits and perks program

What are the keys to putting together an irresistible benefits and perks program? Creativity, uniqueness, and flexibility.

Design creative perks that are individual to your industry.

For example, if your company is a bank, you might provide:

- Free financial consultation
- Flexible spending accounts
- Mortgage assistance

If your company is a retail clothing-store chain, consider providing:

- Free fashion and wardrobe consulting
- Personal style and color analysis
- The usual merchandise discounts

Work/life balance

For many employees (especially single parents or members of dual-career families), the need to maintain a work/life balance—having a home, family, and community life as well as a work life—has become a pivotal issue.

Here are some creative ways to meet employees' needs in this area:

- Programs for kids
- A work/life officer or champion within the company
- Paid days off during which employees can volunteer in their communities
- Flexible work arrangements and compressed workweeks
- Job sharing
- Onsite child care
- Teachers who come into work on snow days or vacation days so parents can bring children in rather than miss work
- A lounge for nursing mothers
- A specified number of hours off for employees to attend school appointments or take kids to doctors' appointments
- A "Bring Your Son/Daughter (or Parent!) to Work" day
- A policy stipulating that meetings won't be scheduled before 8:00 A.M. or after 5:00 P.M.

Employee development

Employee development includes these four components:

1. **Employee self-knowledge.** Employees must know themselves—which means being aware of their core business interests, work reward values, and skills.
2. **Employee knowledge of opportunities within the company.** It's getting easier and easier for employees to find out about and explore job opportunities at other companies—through the Internet, especially. So, why not make it even easier for them to do the same with opportunities at your company?
3. **Training.** Increasingly, companies are identifying skills that are vital for today's and tomorrow's workplace.
4. **Job sculpting and "stretch" assignments.** Another way to stay competitive is to offer employees the opportunity to redefine their roles so that their work more closely matches their core interests, reward values, and skills.

Employee self-knowledge

To define and follow their optimal professional path, employees must know themselves—which means being aware of their core business interests, work reward values, and skills.

You can help employees strengthen their self-knowledge by giving them access to assessment tools and career and personal counseling.

If your company is small, it may not have a fully appointed career-management center. Still, you can provide employees with:

- Periodic onsite or offsite personal—and career—development seminars
- Access to assessment tools through external resources
- Sessions with independent career counselors

If your company does have a career center, it can offer:

- Staff career counselors
- Opportunities to use assessment tools and to receive counseling on the results
- Books, audiocassettes and videotapes, and other resources on personal and career development

Finally, all companies can encourage professional development reviews, during which supervisors help their direct reports clarify their interests, values, and skills.

Employee knowledge of opportunities within the company

Many large firms now boast online internal job-search tools, or "job banks." But, the key to making any job-search tool successful (whether it's an elaborate electronic site serving a large organization, or a job bank binder filled with printed pages describing jobs in a small company) is to ensure that the tool describes jobs in terms of:

- The core business interests they would let employees express
- The rewards they would offer (not just the pay, but also other kinds of rewards, such as affiliation, autonomy, access to state-of-the-art technology, and so forth)
- The skills they require (including functional, personal, and technical abilities)

Why is this approach so powerful?

- It helps employees find opportunities that best match their core interests. This matching exerts the strongest influence on how long an employee will stay in a job—and with your company.
- It requires the company to think of employees as customers; that is, to clarify—and then meet—their most important and unique needs.

Training

Increasingly, companies are identifying the following skills as vital for today's and tomorrow's workplace:

- Technical skills
- The ability to navigate in a team-oriented workplace
- An understanding of business ethics
- Time management
- Leadership
- Interpersonal skills

The great thing about training is that it helps employees perform better and achieve their goals. And because people want to stay where they're doing well, training can boost retention.

Whether your company is large or small, a start-up or a long-established, international conglomerate, you can support training through resources such as:

- Onsite and offsite workshops
- Seminars
- Online performance support and courses on your intranet
- Formal and informal mentoring relationships

Job sculpting and "stretch" assignments

Another way to stay competitive is to offer employees the opportunity to redefine their roles so that their work more closely matches their core interests, reward values, and skills.

You can think of this process as "job sculpting," which can occur through regular conversations between managers and their direct reports. During these conversations, both parties use the language of interests, values, and skills to discuss how well a current role suits an employee.

These conversations can take the form of:

- "Stay interviews" or "professional development reviews," during which you ask how employees are doing and clarify what kinds of changes in roles and responsibilities or skills might help improve the match between the job and the individual
- Performance reviews
- Spontaneous meetings requested by the manager or direct report

Several possibilities may come up during these conversations:

- The employee's current job perfectly matches his or her interests, values, and skills.
- The current position mostly suits the employee—but could be even better. In this case, try sculpting to improve the match.
- The current role is drastically unsuited to the employee. In this case, the supervisor can work with the employee to find a position that better fits his or her interests elsewhere in the

company. This boosts your firm's retention "score"—benefiting supervisors, their direct reports, and the company overall.

Activity: Wrapping up a great perks package

Choosing the right perks package is a key element of employee retention. Practice choosing the right perks for different situations.

Rui has been working as a System Administrator for three years. He and his wife (who also works at the company) are expecting their second child.

Notes from his stay interview: Rui has been feeling harried lately. His schedule is already demanding—he must be on call three nights and one weekend day each week to make sure the computer systems are properly backed up and that employees working from the home are supported. He likes his job very much—he loves getting to interact with people from all over the company—but sometimes running around to meet their needs can be a bit chaotic, and he has to stay late to take care of his other daily job duties. With the baby on the way, he's not sure how he's going to make it all happen.

What would be the best perk(s) to offer Rui?

- ☐ Training to refresh his technical skills

Not the best choice. While this training might be of interest to Rui some day, it is not one of the perks that would best help retain him during this phase of his life.

- ☐ Flexible work arrangements and a gift certificate for a local diaper service

Correct choice. Given his present situation, these would be the best perks to offer Rui. Flexible work arrangements might include the opportunity to work from home several days a week, which might help Rui achieve better work/life balance.

A gift certificate for a local diaper service would send the message that the company values work/life balance and may help Rui and his wife more easily juggle the responsibilities that will come with caring for a second newborn.

- ☐ Paid days off during which employees can volunteer in their communities

Not the best choice. Rui may appreciate this in the abstract, but it doesn't alleviate his immediate issues.

Alexis has been working as a Junior Accountant for eleven months. So far she has proved herself as a hardworking, eager new hire.

Notes from her stay interview: Alexis enjoys helping her clients, but recently she has expressed some frustration with the repetitive nature of her job. Her first few weeks as a Junior Accountant were filled with training and opportunities for professional growth. Since then, however, these opportunities have become few and far between. Alexis has performed quite well thus far ♦ but she is concerned that she might be gaining inertia.

What would be the best perk(s) to offer Alexis?

- ☐ More flexible work arrangements and monthly parties.

Not the best choice. While Alexis might enjoy having more flexible hours and relaxing social time at work, these are not things she has expressed concern about.

- ☐ Free financial consultations

Not the best choice. As an accountant herself, Alexis probably would have little interest in this perk.

- ☐ Training to increase her technical skill set and weekly coaching sessions with her supervisor

Correct choice. Given her present situation, these would be the best perks to offer Alexis. Additional training sends Alexis a great message: that her company values her hard work and wants to give her a chance for additional professional development.

Coaching sessions will ensure that Alexis has regular opportunities to voice her concerns. By meeting with her often, her supervisor will be able to better nurture Alexis' growth.

Brendan is an experienced producer that has been with the company for five years.

Notes from his stay interview: Brendan has proven himself as one of the company's most valuable employees. Brendan is happy with his work and would like to continue contributing to the organization. He would like to have a chance to share his knowledge and experience with other employees. Brendan has also begun teaching part-time at a local college, something that he loves. The company would like to keep Brendan satisfied—and on the payroll.

What would be the best perk(s) to offer Brendan?

- ☐ Museum passes and onsite massages

Not the best choice. Museum passes and massages may help relieve stress, but they do not address Brendan's interests about helping his coworkers or balancing his job with his teaching.

- ☐ Coaching younger employees and job sharing

Correct choice. Given his present situation, these would be the best perks to offer Brendan.

Giving Brendan a chance to be a mentor to younger employees would create a development opportunity for all involved.

Carefully implemented, job sharing could be a good way to give Brendan time to keep teaching while remaining at the company.

- ☐ Time management training

Not the best choice. Brendan's teaching position isn't an issue that can be dealt with by time management alone—a more comprehensive solution may be needed.

What is culture?



Many employees cite "culture" as one of the most important reasons for staying with—or leaving—a company. So, it makes sense to take a close look at this sometimes elusive aspect of business.

What is culture? In the business world, culture derives from:

- The atmosphere in a company or department (Is it friendly? Formal? Fast-paced? Methodical?)
- The ways in which people treat one another (Do they treat each other respectfully? Fairly? Impatiently?)
- The formal and informal structures that guide how people do things (What are the firm's rules about meetings? Where do employees really converse? Who do you really have to go to in order to get something done?)
- A company's values (Does it value honesty? Winning the competitive war no matter what?)
- A firm's history (Were there long years of struggle? Was it an instant success?)
- The nature of an organization's or department's workforce (Is it diverse? Homogenous?)
- Enough other dimensions to make even a seasoned anthropologist's head spin!

Culture is one of those human phenomena that exert an enormous impact on people. Although to a degree culture is intangible, companies can attract and retain valuable employees by being aware of their culture and taking steps to shape it.

The process can be challenging—but well worth the effort.

The challenges of shaping culture

“ A company can only tinker with compensation and benefits. It's culture, culture, culture. ”
 –Norm Snell

Shaping a culture can pose the following challenges:

- **Complexity.** All companies—even whole industries—have an overall culture, or macroculture, and all but the smallest firms will likely have several microcultures within that larger macroculture. For example, the finance department within a larger company might vary markedly from the product-design department in terms of how it feels to work there, how people treat one another, and so forth.
- **A life of its own.** In a sense, culture has a life of its own. Few people get to actually create a culture (aside from entrepreneurs, perhaps, who are starting up new companies). Instead, culture arises organically as a combination of the many different aspects of a company.

Key Idea: The importance of microcultures

Key Idea

Using culture to hire and retain good employees entails knowing and communicating both the macroculture and the appropriate microculture to potential and existing employees.

However, it's the microculture that plays the most powerful role in people's satisfaction with and enjoyment of their jobs—and thus their likelihood of staying.

Your microculture is where you have the best chance of understanding and influencing what it's like to work at your firm—and thus make the changes necessary to boost your retention rates.

To focus on microculture, think about what it's like to work in your particular department, division, or team (or in the case of a start-up, the earliest stages of assembling the staff and establishing ways of doing things).

Here are some steps you can take to understand and shape that microculture:

1. One: Figure out what kind of culture you currently have.
2. Two: Assess how you might reshape it so that it appeals to most of the employees in that department.
3. Three: Take necessary steps to close any gaps.

What are "microcultures," and why does understanding them help you retain valued employees?

Survey your current culture

You can't reshape your microculture without first taking stock of what things are like now. You have lots of options for surveying current cultural conditions, including:

- **Informal conversations** with employees, during which you ask what they see as the elements of the culture, and what they like and don't like about it
- More formal **surveys** through which employees provide detailed information about the current culture
- **Direct observation**, by which you (or a consulting professional) figure out the culture by watching employees' behaviors and considering your own impressions of the department

Assess the desired culture

To find out what kind of culture your employees consider most attractive, try these strategies:

- **Ask them!** Through conversations or informal surveys, invite employees to describe their ideal work culture. They might frame their answers in terms like "fun," "cool," "warm," and so forth, or in more specific terms such as "I like to work without getting interrupted" or "I like to have close friends at work."
- **Step back and observe.** You can glean some ideas about your group's ideal culture simply by observing people and anticipating their needs.

For example, suppose most members of your department or team are young, high-energy people who have a habit of working long, intense hours together. In this case, you might

reasonably guess they'd appreciate a culture that occasionally lets them rejuvenate and have fun—perhaps through a pizza party every Friday afternoon or a chance to use an onsite game room during breaks.

Shaping your microculture does not have to be difficult

There are many ways to close the gap between the current and the desired culture. In fact, fine-tuning your microculture doesn't have to be difficult. All it takes to cultivate an appropriate culture is:

- A willingness to watch and listen
- A little creativity and imagination
- An openness to trying new ideas

Note: Employees look at what senior management does. If you say "Let's be casual," but all the people at the top still wear suits, anyone who wants to join you at the top will keep on wearing a suit; and if you say "We care about our people" but focus only on cost control, the culture won't change. That said, by attending to your culture in these ways and really working to change it for the better, you can boost your retention rate dramatically.

Activity: Sculpt your microculture

Fine-tuning your microculture is a great way to keep employees satisfied.

Your department consists of young, high-energy employees who want to be part of a hard-working yet fun team. A cultural survey has revealed that your department lacks the informal environment and shared identity that they value.

Which of the following action items is *not* a good match with your department's microculture?

- ☐ Suggest that employees work from home when they're embroiled in especially intense projects and encourage them to bring family members, including children, to work occasionally to celebrate a special occasion

Correct choice. Working from home contradicts the physical proximity that your workers need to build a close-knit team, and family members in the workplace may convey a "work is family" message, but their presence may contradict the seriousness which many employees (especially younger ones without children of their own) bring to the workplace.

- ☐ Waive (or relax) any dress code that might be in place

Not the best choice. This strategy would serve the team well. Traditional dress codes don't support the informal atmosphere that your workers value.

- ☐ Permit flexible schedules based on project demands

Not the best choice. This strategy would serve the team well. Flexible schedules are suitable for high-energy workers, who often don't mind working late. In fact, such personality types thrive on the intensity and camaraderie sparked by shared effort under pressure.

- ☐ Scatter safe toys around the department

Not the best choice. This strategy would serve the team well. Safe toys help create a playful atmosphere and enable employees to burn off energy so they can refocus on their work. Toys can also stimulate creative thinking.

Your department has a lot of employees with young families and aging parents. They want more work/life balance than the culture currently provides.

Which of the following action items is *not* a good match with your department's microculture?

- ☐ Institute regular employee/family picnics

Not the best choice. This strategy would provide some of the work/life balance your employees are looking for. It is a great way to build camaraderie after work hours. To make this work, managers should model this practice by bringing their families and/or pets to such events. Without that "proof," no one else will.

- ☐ Install games in the break room for employees to use during their lunch hour

Correct choice. These games may help employees relieve stress, but they won't help with their work/life balance.

- ☐ Let employees go home early on their birthday, wedding anniversary, or to attend parent/teacher conferences

Not the best choice. This strategy would provide some of the work/life balance your employees are looking for. By letting employees leave early for special occasions, you show that you recognize to their responsibilities outside the office.

- ☐ Consider providing flextime, or allowing some employees to telecommute

Not the best choice. This strategy would provide some of the work/life balance your employees are looking for. Flextime is an excellent method of giving employees a chance to spend some of their working hours closer to their family.

Your group consists of researchers who want enough privacy and quiet to do the extensive thinking and writing required by their jobs.

Which of the following action items is *not* a good match with your department's microculture?

- ☐ Invest in some "white-noise" machines to drown out noise

Not the best choice. This strategy would provide the peaceful working environment your employees are looking for. Cubicles are a reality of modern offices, but white-noise machines can alleviate some of the associated distractions.

- ☐ Allow employees to work from home on especially intense projects

Not the best choice. This strategy would provide the peaceful working environment your employees are looking for. When employees work from home they can better control their environment.

- ☐ Facilitate the creation of a book—or film—discussion group, which could meet once a month during lunch

Not the best choice. This strategy would provide the peaceful working environment your employees are looking for. A book or film club gives employees a creative outlet at the office and encourages the group to interact.

- ☐ Hold weekly parties at the office

Correct choice. Though this strategies would provide entertainment, it is not suited to the culture your researchers desire.

- ☐ Keep the length and frequency of meetings to a minimum

Not the best choice. This strategy would provide the peaceful working environment your employees are looking for. Meetings can interrupt employee workflow, so keep them infrequent and short.

Managers are responsible for retention



Managers and team leaders play a central role in a company's retention rates—whether they're overseeing a handful of employees or extensive departments or divisions.

For many employees, the relationship with a direct supervisor is more important than pay or perks. An employee may join a company because of its generous benefits and fun culture—but it's the relationship with his or her immediate supervisor that often determines how long that individual stays.

In the past, many managers thought that they weren't responsible for keeping good employees. They assumed that people left the company because they found a better job, or they had to accompany a spouse who was offered a job in a different city, or for other similar reasons.

When employee departures were few and replacements plentiful, managers could afford to ignore any company-related reasons because they could promptly replace those employees who left the company.

But today, people leave jobs for all the old reasons and a host of new ones—including the fact that it's easier than ever to find another great job elsewhere. One big reason that people even think about leaving is that a particular supervisor didn't do what he or she needed to do to keep them.

And today, replacements aren't plentiful. What's more, traditional strategies for addressing attrition problems are proving to be too little, too late. Here are a few examples of common ways companies have tried to deal with losing employees:

- **Counteroffering when an employee gives notice.** This tactic misses the point about what really causes attrition.
 - The fact is, most employees don't leave purely for a bigger paycheck. So, by presenting a counteroffer, managers make it even more painfully clear that they don't understand employees' real needs.
 - If the counteroffer *does* persuade the employee to stay, he or she will likely attempt to leave again eventually—because the manager hasn't addressed the root of that individual's dissatisfaction.
- **Exit interviews.** During exit interviews, companies routinely ask employees why they're leaving. But this just scratches the surface of attrition problems.
 - During exit interviews, most employees report on what's attractive about their new job—without explaining why they were looking in the first place. (Hint: It likely had nothing to do with compensation.)
 - Moreover, departing employees rarely give the real reasons they're leaving—for fear of retribution or of damaging relationships in a way that will later hurt their professional standing.

Key Idea: Managers' retention strategies

Key Idea

Strategies for retaining good employees generally fall into three categories: creating great work environments, creating great jobs, and asking employees for feedback.

1. To **create a great work environment:**

- Attend to concerns about the organizational culture (and the work group's microculture).
- Cultivate friendly, supportive relations.
- Share information with employees about the company's strategic direction and plans (which shows them that you trust them with the knowledge and they're part of the team).

2. To **create great jobs:**

- Help employees clarify their core business interests, values, and skills—and then either sculpt current roles so that they provide a better match, or support employees' search for a more appropriate position elsewhere in the company.
- Let people "stretch" and develop themselves professionally by taking on interesting challenges.
- Allow flexible work arrangements such as telecommuting and virtual teams.

3. To **ask employees for feedback:**

- Conduct "stay interviews," in which managers let people know how important they are to the company and ask what kinds of things will keep them.
- Solicit feedback on the work environment.
- Ask for feedback on your own supervisory skills.

If you supervise team leaders and managers in your department, you're responsible for ensuring that they keep their best performers. Offer them some guidelines.

Retention training for managers

“Managers and supervisors have the most critical role to play in winning the race of talent.”

–Beverly Kaye and
Sharon Jordan-Evans

Clearly, all this takes some skill, practice, and reinforcement. Managers—just like anyone else—might not automatically know how to do these things. Companies can help by:

- Training managers in retention skills
- Providing avenues by which managers can share their experiences
- Rewarding and recognizing managers who achieve target retention rates

To strengthen managers' retention abilities, firms can offer workshops, seminars, and other learning opportunities that focus on how to attract and keep valued employees. The investment will pay big dividends!

These learning opportunities can address the following aspects of retention:

- Seeing employees as customers (yes, you are "buying" their time, but they are also "buying" your job!) and human beings with full lives, not just as parts in a machine
- Speaking the language of core business interests, reward values, and skills
- Proactively asking the right questions and observing the right goings-on in order to assess cultural conditions and employees' frame of mind
- Being sensitive to diversity issues
- Detecting early signs of dissatisfaction and possible defection
- Understanding what really makes people stay in a job and what really makes them leave
- Understanding the true costs of attrition—including eventual loss of customers

Firms can also help managers set the stage for learning by inviting them to reflect on and assess their own retention abilities and attitudes.

If your organization doesn't have this kind of training and support available, ask for it. Everyone will benefit!

Avenues for sharing experiences

Keeping valued employees requires a complex mix of learnable skills, gut-level intuition, and sensitivity. But you as a manager and team leader don't have to struggle alone with this.

You can share your experiences about retention with other supervisors and team leaders. By exchanging both success and failure stories—either informally or through periodic meetings—you can:

- Help one another avoid typical mistakes and obstacles
- Build on each other's knowledge and wisdom
- Monitor how well others' retention rates are meeting the firm's goals
- Lend mutual moral support

Recognize and reward retention champs

An oft-heard saying in business is that "what gets rewarded gets done." This is as true for retention as it is for any other aspect of business.

Firms can convey the message to managers that retention is important by:

- Establishing clear retention target rates appropriate for various industries and functions
- Tying managers' compensation to retention rates
- Rewarding retention success through bonuses and other means
- Rewarding managers' efforts to job sculpt
- Discouraging "parochial" interest (this narrow perspective arises when managers try to keep high performers even though those employees would be happier and more productive by moving to a different position in the organization)—in other words, rewarding managers who help good employees leave their groups for another job in the company, rather than trying to hold them back, only to see them go to another firm

By supporting you as a manager in all these ways, companies help you succeed in your crucial role as a retention champion.

What is burnout?



Budget cuts. Downsizing. Rapidly advancing technologies. In today's business world, these common developments often lead to additional responsibilities and overload for employees. For most managers, overload carries with it a serious risk: the burnout and possible defection of their best employees.

The word *burnout* seems to be on everyone's lips these days. But what *is* it exactly? Moreover, what causes it, and why is it such a threat to retention? *Most* important, what can managers do to prevent burnout from worsening attrition—and destabilizing their entire organization?

Burnout can be defined as *work exhaustion*. It typically manifests itself in employees with these symptoms:

- Lower job satisfaction
- Eroded commitment to the organization
- Higher intention to defect

In some cases, you can also see these warning signs:

- Reduced self-esteem (when there's just too much to be done, some people blame themselves)
- A decline in feelings of competence and achievement
- A detached or negative approach to colleagues, customers, and clients

What causes burnout?

In a general sense, burnout results from long-term involvement in situations that have too many negatives, such as the following:

- Work overload
- Conflicting demands ("Do this, but don't neglect that—even for a minute"; "Think big and be creative—but don't make any mistakes")
- Unclear objectives
- Boredom
- Interpersonal conflict

These same situations usually do not have enough positives, such as:

- Real rewards (bonuses, extra time off, and so on)
- Acknowledgment of employees' contributions
- The sheer joy of successes

As you can see by the above lists, burnout does not stem from just the number of hours an employee is working. A person may work countless hours and still feel motivated. Instead, most people burn out when they feel more stress than support in their work life.

Why is burnout such a retention threat?

A big problem with burnout is that it can directly undermine your company's retention efforts. Why? Because it's your most highly motivated employees—those who feel a strong commitment to their work—who are most susceptible to burnout.

Supervisors can contribute to this problem without even realizing it. How? Most have a natural tendency to assign critical projects to top performers and then let them handle the workload on their own. And then, when they've succeeded with one project, supervisors immediately give them another!

The forces behind burnout—along with the demographic, economic, and workplace developments we've been exploring in this topic—can also lead to a vicious cycle that traces and retraces the following steps:

1. In many industries and geographic areas, the "talent pool" shrinks owing to demographic, economic, and workplace changes.
2. As a result, competition for good employees stiffens.
3. Because employees are being courted in creative ways by several different companies, many of them leave their current employers.
4. Some companies become short-staffed as a result.
5. The employees who remain at short-staffed firms are doing the same amount or more work than a larger workforce used to handle.
6. They become overwhelmed and leave, putting even more of a burden on remaining employees.

Practice creative staffing

One way to avoid the overload cycle is to create a long-term, strategic staffing plan that ensures there are enough people—and the right people—to do the job. Here's how:

- Line supervisors can work closely with the human resources department and upper management to define a staffing strategy that will meet department and company needs. Not all of this will be entirely in line with supervisors' control—but these supervisors can do their best to clarify their needs and resources.
- Understand that you may not always be able to get the best person you want for the job—but you can get the second best, and then bring that person up to speed.
- Figure out ahead of time what your training needs are going to be. That way, you can bring new people up to speed as efficiently as possible.
- If your department is especially short-handed and strapped for cash, be strategic about what you ask employees to do. Consider every task in light of whether it adds value to the customer. If it doesn't add enough value, eliminate it. (All tasks add some value—be a ruthless judge of just how much.)
- Include possible internal redeployment of personnel in your plan. Redeployment gives your organization greater flexibility while retaining top employees through times of change and shifting resource needs. Equally important, it gives employees a chance to try "stretch" assignments and gain new experience and skills that may be important to them.

Tip: In discussing redeployment possibilities with employees, be respectful of employees' thoughts and feelings. Rather than moving employees around like chess pieces, think about what might make the best reassignment opportunities for them—and emphasize any professional-development benefits offered by those opportunities. Redeployment should be optional for employees. If a reassignment does take place, check with redeployed personnel to see how things are going, and devise solutions to any problems that arise.

Leadership Insight: Express gratitude

I was interviewing someone and they were working in Hollywood for a great studio, and they were in the film business and they were thrilled to have this particular job.

The job had certain demands and one particular week, she said, "I worked 'til two in the morning, probably for four days in a row. My boss knew it. He knew it because he saw the cartons on my desk and the cokes that were half-drunk — he knew it. He never said a word. He never said, 'I noticed you were up late. I notice what you're doing to meet this deadline.'"

She said, "I finally had it, and I left." She said, "I left for want of a thank-you and a hamburger." I said, "Say more." She said, "If my boss had said, 'I know you're going to stay late again tonight, have dinner on me.' Anything that would have said, 'I noticed and I appreciate it.'"

I've often kept in my mind, I left for want of a thank-you and a hamburger. Six months later, I met the same person again, and I said, "How's it going?" She had moved into another position, a great freelance role, she was consulting back to that old division and that old boss, making more than she had made before. He lost her talent; he had to hire it back freelance and he lost because of not giving a thank-you, for not offering a hamburger.

Let employees know they are appreciated by saying thank you.

Beverly Kaye
CEO, Career Systems International

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Key Idea: Manage burnout

Key Idea

To avoid the high price tag of overload, managers should actively do two things: minimize work exhaustion and learn how to manage exhausted employees.

Here are some suggestions that can help minimize work exhaustion:

- Be aware of the issue. Understand the nature of work exhaustion, its impact on employees and the organization, and the vulnerability of top employees.
- Monitor workloads and morale, especially among your top performers. Consciously identify your best people and meet with them regularly to see how they're doing. This act alone can help people feel supported—which can tip the balance between negatives and positives in their work.
- Be aware of who your "hero" managers are—those managers who consistently try to do too much and push too hard. Help them to stop burning out their employees—and themselves.
- Show your appreciation for valued workers. This, too, can help outweigh some of the other negatives.
- Consider redesigning some jobs. Often, jobs evolve into "no-win" situations without anyone being aware of it. Recognize when this is happening, and brainstorm with employees ways to reshape their roles before burnout strikes.

Manage exhausted employees by acknowledging cries for help—such as "I don't know how to keep up" or "Looks like I'm going to have to work over the weekend again"—and address these frustrations with overloaded employees.

When you hear these cries, take the following steps:

- Determine whether the cries of help are coming from work exhaustion or some other source.
- Identify what the employee thinks is the problem.
- Decide what truly needs to change to alleviate the situation.
- Develop an action plan.

The bad news: Burnout can cause your best employees to leave. The good news: You *can* manage burnout.

Regularly "re-recruit" your top talent

Don't fall into the all-too-common trap of taking valued employees for granted or assuming that, because they work for you now, they'll want to keep working for you. Instead, assume that you need to consistently "re-recruit" them.

Decide which one-third of your people are your top performers. Then:

- Remind yourself often that these individuals are the ones who are always being recruited by your firm's competitors.
- Frequently show your best people how much you appreciate them—whether it's through informal and heartfelt thanks for a job well done, small but meaningful tokens of appreciation such as notes or flowers or tickets to an event, or more substantial thanks in the form of a bonus or extra "comp time."

Frequently Asked Questions

Since it costs so much to lose and replace employees, shouldn't my firm try to keep everyone for as long as possible?

Not necessarily. Poor performers can hurt morale, so you should not invest in retaining them beyond trying to help them improve. Also, sometimes it's better for both an employee and your firm if an individual moves on after a few years (for example, in a function that requires just short-term time commitments).

What exactly is intellectual capital?

It's the unique knowledge and skills that the employees who make up a company's workforce possess. Examples include computer programmers who know the latest programming languages, direct-marketing analysts who understand the most recent marketing trends in your company's industry, top managers who possess broad experience in understanding and motivating people, the administrative assistant who knows just who to call to get this done or that started, and so forth.

Is retention equally difficult for all companies these days?

No—it's relative and depends on factors such as industry characteristics, cultural expectations, and economic and demographic trends. Retention patterns can vary by geographic region, or can change from decade to decade within the same country. In some cultures, employees who leave their companies are looked on with suspicion (lifelong employment and mutual loyalty are the norm), so retention is not considered a challenge.

If my firm has a highly diverse workforce, should I treat everyone the same in order to be as fair as possible?

Not necessarily. Fair treatment doesn't automatically mean equal treatment. To improve retention in a diverse workforce, you need to listen to and meet each group's special needs and concerns in order to keep your best performers. For example, suppose you've got a talented employee who has physical

limitations. You could improve your chances of keeping him by providing him with assistive technology (for example, voice-activated software) that you may not provide to other employees. This is unequal treatment—but it's fair. And it benefits both the employee and your firm.

I understand that hiring right is the first step to retention. What can I do to hook the hottest, most sought-after recruits from the best schools?

Well, before you start, think about whether those individuals are necessarily the right prospects for your firm. Newly minted, top-of-their-class graduates from the most prestigious business schools, for example, may cost more than your firm can afford. Moreover, their educational or professional background may be more than what the job in question actually requires. But equally important, they may be so confident of their desirability that they won't really appreciate their new job at your firm—and they'll always have an eye out for the "bigger, better deal." It's smarter to match a prospect's cost, qualifications, and attitude to your firm's particular situation and needs instead of automatically reaching for the most sought-after recruits.

Business has been healthy lately for my company, so whenever someone gives their notice, we make the person an impressive counteroffer that beats the salary the other firm is offering. But many of these people end up leaving after a while anyway. What's going on?

The problem is that, while it's important that your compensation practices remain competitive, compensation is not always the main reason people leave their jobs. Other important reasons include unhappiness with an immediate supervisor relationship, dissatisfaction or boredom with work responsibilities, lack of opportunities to develop personally and professionally, and other nonmonetary concerns. By making a counteroffer of a higher salary, you're in effect revealing to that person that you don't understand his or her real reasons for wanting to leave. A big raise might tempt the individual to stay for a time, but eventually he or she will give notice again if those real reasons for the dissatisfaction remain unaddressed.

I hear so many stories about companies' offering employees high-priced cars, week-long trips to expensive spas, and other fancy perks in order to hold onto workers. How can I keep employees if my firm can't afford those kinds of perks?

You don't need to spend a lot of money to attract and keep good employees. To the contrary, what you need to do is to identify what matters most to them and then provide perks that will meet those needs in tailored, creative, and affordable ways. For example, design creative perks that are unique to your industry. If your company is a bank, you could provide free financial consultation, flexible spending accounts, and mortgage assistance. Or if you're a retail clothing-store chain, offer free fashion and wardrobe consulting, and personal-style and color analysis. The possibilities are virtually endless. But the best way to keep employees today is still through good, old-fashioned support of their personal and professional development—through training, seminars, a well-stocked and staffed career center, and other relatively affordable resources.

I'm a manager at a large company. We pride ourselves on understanding our overall culture and hiring people who fit into it. But this doesn't seem to be enough to keep those new hires. What are we doing wrong?

A large company's overall culture is certainly important, but microculture—the atmosphere, values, and so on, in an individual division, department, or team—plays a much more crucial role in retention. Microcultures can vary dramatically within one corporation. For instance, your product-development group might consist primarily of informal, creative, fun-loving employees who tease each other and like to dress casually, while just down the hall, the marketing staff might stride around in severe-looking business suits, with serious looks on their faces. New employees are going to be spending most of

their time within those microcultures. Therefore, understanding and fine-tuning microcultures gives you your best opportunity to attract and retain the most appropriate employees. The key is to find out (through surveys or direct observation) what kind of culture most of the employees within a microculture are looking for, assess the current situation, and devise strategies for closing any gaps.

At my firm, we've started taking exit interviews very seriously in an effort to improve our retention rates. But we haven't seen significant improvements in our rates yet. Why?

Exit interviews can yield some important information. However, in most exit interviews, companies just scratch the surface of why employees are leaving. Why? During the interviews, employees mostly report on what's attractive about their new job—without explaining the real reasons they were looking for new work in the first place. So, you're getting incomplete information that is not sufficient for you to make the kinds of changes necessary to improve retention rates—before employees give notice. Exit interviews are helpful, but they're like employment post-mortems. You'll usually get better data from patients (that is, your current employees) who can—and will—talk about their symptoms.

My firm just established a retention task force. What can we do to help our managers and supervisors improve retention in their various departments?

Here are three things you can do: (1) offer workshops and other training that shows managers how to match job responsibilities to employees' core business interests, work reward values, and skills; (2) provide managers with avenues (informal conversations or regular meetings) in which to share and learn from one another's experiences with retention; and (3) recognize and reward retention champs by establishing clear retention targets for each function, tying compensation to retention rates, and discouraging "parochial" interest (managers' efforts to keep high performers even though those employees would be happier elsewhere in the organization).

What can I do to keep my best performers from experiencing burnout—and leaving?

Think about how you may be inadvertently contributing to work exhaustion among your top people. Do you tend to be a hero—someone who's always trying to do too much and pushing yourself and others too hard? For example, you probably give the most challenging work to your best people (makes sense, right?) and then trust that they'll handle it themselves (after all, they've proven that they don't need close supervision, right?). Take time to regularly ask people how they're doing. If you hear or see signs of exhaustion (changes in work habits, health, or personality; comments like "Whew, I don't know if I can keep up"), determine the source of the exhaustion. Some employees blame themselves; others blame external sources such as conflicting priorities from supervisors, unclear goals, and so forth. Once you determine the source, you can take appropriate action—by helping employees set more realistic standards for themselves, or by clarifying your department's or team's goals and priorities.

Key Terms

Affiliation. The opportunity to work with liked, admired, and respected colleagues; a work reward value that many employees consider important.

Attrition. The departure of employees.

Burnout. Work exhaustion resulting from overload or other changes in an employee's work situation.

Contingent workforce. The portion of the workforce consisting of part-time employees, freelancers, and temporary workers.

Demographic change. Change in the makeup of a population (for example, age, gender, or racial proportions, and so on).

Diversity. Variation in age, gender, race, ethnicity, sexual orientation, physical ability, and other characteristics in the workforce.

Free agency. Self-employment, in which workers serve various clients on a temporary, contractual basis.

Gen-Xers. Twenty- to thirty-year-old employees; a term used most commonly in the United States.

Intellectual capital. The knowledge and skills that employees possess.

Job sculpting. Reshaping an employee's current role so that it lets the person express his or her core business interests, get the work rewards he or she values most, and use or learn the skills that the individual wants to develop.

Macroculture. A company's overall atmosphere, values, and ways in which people treat one another.

Microculture. A division's, department's, or team's atmosphere, values, and ways in which people treat one another.

Retention. A company's ability to keep talented and valued employees who will help their organization remain competitive.

Turnover. The change in a company's workforce as employees leave and new hires arrive.

Work/life balance. The opportunity for employees to devote adequate time to both work and nonwork matters in their lives.

Overview

This section provides interactive exercises so you can practice what you've learned. These exercises are self-checks only; your answers will not be used to evaluate your performance in the topic.

Scenario

Assume the role of a manager in a fictional situation and explore different outcomes based on your choices (5-10 minutes).

Check Your Knowledge

Assess your understanding of key points by completing a 10-question quiz (10 minutes).

Scenario: Part 1

Mica, manager of BestMed's Research & Development group, has a problem: Employee turnover in his department has increased in recent years, leaving major gaps in the talent pool. Mica's own boss, the director of Research & Development, has expressed concern. He calls Mica into his office to discuss the situation. His challenge to Mica? Fill in those gaps, then find out—and fix—

whatever's causing the high turnover. Mica moves quickly to satisfy the Research & Development director's first demand: Fill in the gaps in his group's talent pool.

What hiring strategy should Mica use?

- Search for the top candidates with the most impressive professional and educational credentials.

Not the best choice.

Winning the "hottest" prospects can end up costing your firm more than it can comfortably afford. Their educational or professional background may be more than what the job requires. And, confident of their desirability, hot prospects will always have one eye out for the "bigger, better deal"—possibly worsening turnover. Instead, Mica should look for people who will appreciate BestMed's unique advantages and will both enjoy and enrich the Research & Development group's culture.

- Identify candidates whose skills and personal characteristics closely match those of the top members of the existing team.

Not the best choice.

Too many managers assume they can build a strong team by gathering people with identical strengths and personalities. But diversity in personality, cultural background, work styles, skills, and decision-making approaches—when managed skillfully—can enhance a group's creativity and problem-solving abilities. Creative thinking is particularly crucial in Research & Development.

- Look for candidates who are most interested in performing the tasks required for the available positions.

Correct choice.

The first step to *retaining* valued employees is *hiring* right—and that means hiring for interests. If Mica chooses new group members who passionately *enjoy* the activities that define their roles—such as developing new concepts and theories, or using technology in innovative ways—they'll be far more likely to remain interested in their work and committed to a career at BestMed.

Scenario: Part 2

Mica has successfully hired valuable new group members by clarifying the activities required for the new positions and finding individuals who appear genuinely enthusiastic about performing those activities. Some of these talented new researchers have come from abroad, and the new team is more culturally diverse.

One day, a native English speaker on the team complains that some of the foreign-born researchers are taking too long to write research reports. All the team members are generating equally high-quality research, but there's some grumbling about "preferential treatment" for the foreign-born researchers "who don't speak English."

To address the conflict—and control turnover—Mica knows he has to meet all team members' needs fairly. But how?

How should Mica handle diversity-related conflicts?

- To be as fair as possible, Mica should expect all team members to meet the same deadlines in generating reports, regardless of their facility with English.

Not the best choice.

Different people have different needs. Treating people *fairly* does not mean treating them the *same*. Treating everyone the same will likely worsen Mica's retention problem. If he insists that all team members work on exactly the same schedule, he may end up forcing some valued foreign-born employees to leave in search of a more tolerant company. Instead, Mica should consider allowing non-native English speakers more time initially to generate documents, as well as provide training to strengthen their writing skills.

- Mica should provide special treatment for foreign-born researchers, allowing them more time for report writing and providing them with English-skills training.

Correct choice.

In managing a culturally diverse group, many managers assume that fair treatment means identical treatment. But sometimes treating people fairly means treating them differently. By giving foreign-born researchers more time initially to do their work and providing them with training to strengthen their writing skills, Mica may appear to be treating them unequally. But he would actually be giving all the researchers *equal opportunity* to succeed. With support and success, talented researchers will be more likely to stay at BestMed—improving retention.

- Mica should discourage emotionally charged, potentially destructive discussions of cultural differences among team members.

Not the best choice.

Managers should actually encourage *productive* dialogue about employees' concerns and involve everyone in looking for solutions. In facilitating such dialogue, Mica should ensure that employees do not engage in backstabbing, gossiping, or other destructive behaviors. Mica might even appoint a diversity officer or champion from his team—someone who will take primary responsibility for identifying and addressing concerns. Finally, he might provide diversity training and workshops for his group.

Scenario: Part 3

Thanks to Mica's smart hiring practices and skillful handling of his team's cultural diversity, the turnover rate within his group has begun to fall.

However, with recent budget cuts at BestMed, some of Mica's most talented employees have become overloaded with work. Mica suspects that these team members are approaching exhaustion and burnout. And he worries that they may be thinking about leaving BestMed.

What should Mica do to keep exhausted employees from leaving?

- Mica should identify which employees are his highest performers—then systematically show his appreciation for them.

Good choice.

Regularly identify and "re-recruit" your best workers with creative, valued, and heartfelt signs of appreciation. Often, burned-out employees turn out to be a manager's most highly motivated workers. A company's competitors know who the best performers in their industry are. In BestMed's case, rivals will be only too happy to lure exhausted employees away from Mica with promises of more manageable workloads and other enticements.

- Mica should consider brainstorming with employees about redesigning jobs.

Good choice.

Over time, jobs often evolve into "no-win" situations without anyone being aware of it. Budget cuts can affect staffing plans and lead to the most talented employees becoming overloaded with work. Managers tend to assign extra work to their top performers. Signs of burnout signal that it may be time to consider redesigning jobs. Brainstorm with employees about ways to reshape their roles. Consider *every* task in light of whether it

adds value. If it doesn't add *enough* value, eliminate it. Since all tasks add *some* value, a manager must be a ruthless judge of just how much.

- Mica should reassign some of the exhausted employees' projects to other team members.

Not the best choice.

Reassigning work might give Mica's team some flexibility—but not if he moves projects around without respect for team members' preferences and feelings. Before resorting to reassigning work, Mica should explain the potential benefits of the proposed changes to the affected employees. A better solution would be to redesign jobs that may have turned into "no-win" situations for employees.

Scenario: Conclusion

Mica has taken three crucial steps toward improving retention in his group: hiring right, skillfully managing a highly diverse group, and dealing with exhausted employees. By taking these steps, he has helped his team members find greater satisfaction and achieve higher productivity in their work, benefiting all—the employees, Mica, and the company.

Activity: Check Your Knowledge: Question 1

Retention is:

- Keeping all employees as long as you possibly can

Not the best choice.

In some jobs, you wouldn't want to keep employees as long as possible. Instead, it can be beneficial for both the company and the individual if an employee moves on to a different firm after working for a specific amount of time for your company. This can be especially true for entry-level, high-tech positions. Retention entails thoughtfully defining appropriate tenures for each function of the company and for the firm's current future needs.

- Keeping talented employees for the appropriate length of time for their function and the company's current and future needs

Correct choice.

Sometimes it's perfectly appropriate and beneficial for both the company and the individual if an employee moves on to a different firm after working for a specific amount of time for your company. This can be especially true for entry-level, high-tech positions. By having young

workers move on after a few years, you can refresh your talent pool with more up-to-date workers who possess the latest high-tech experience and education.

- Keeping only those employees who enjoy the company's culture

Not the best choice.

Keeping only those employees who enjoy the company's culture omits a key element of retention: defining appropriate tenures for each function of the company and for your firm's current future needs. Sometimes it's perfectly appropriate and beneficial for both the company and the individual if that employee moves on to a different firm after working for a specific amount of time for your company. Indeed, in some companies, this regular refreshing of the talent pool is part of the overall culture.

Check Your Knowledge: Question 2

Is the following statement true or false? Most people leave their jobs because they're not getting paid enough or they find the company's benefits package unsatisfactory.

- True

Not the best choice.

This statement is actually false. Most people leave a company for reasons other than pay or benefits. For example, they may leave if their relationship with their supervisor is stressful or otherwise troubled, if they aren't being given the opportunity to express their deepest business interests and skills, or if their work doesn't provide them with the kinds of rewards—such as the opportunity to work with liked and admired colleagues—that are most important to them.

- False

Correct choice.

It's actually a myth that pay and benefits most drive job satisfaction and keep people at a company. In fact, most people look for other kinds of things in their work: a supportive supervisor, satisfying work that lets them express their deepest business interests, and rewards that mean the most to them—such as challenging assignments, access to state-of-the-art technology, and other non-monetary motivations.

Check Your Knowledge: Question 3

Why is keeping valued employees especially important in today's atmosphere of intensifying business competition?

- It protects your firm from being investigated for questionable hiring practices, union policies, and employee discrimination.

Not the best choice.

Though protecting your firm from being investigated for questionable hiring practices, union policies, and employee discrimination is important, this isn't the reason that keeping valued employees has become especially crucial today. Retention is especially important today because intellectual capital (which is embodied in people) is playing a more central role in business success, the costs of turnover are rising, and keeping valued employees directly affects customer satisfaction and profitability.

- Retention ensures that you'll keep the most desirable employees in the overall talent pool longer than any of your competitors and that you'll find those employees that best match your firm's overall macroculture.

Not the best choice.

Though keeping the best people longer than rivals and matching employees to your macroculture may be important, this isn't the reason that keeping valued employees has become especially crucial today. Retention is especially important today because intellectual capital (which is embodied in people) is playing a more central role in business success, the costs of turnover are rising, and keeping valued employees directly affects customer satisfaction and profitability.

- Intellectual capital (which people possess) is becoming more important to companies' competitiveness, the costs associated with employee turnover are increasing, and retention has a powerful impact on customer satisfaction and profitability.

Correct choice.

These three trends are changing the business landscape so that keeping valued employees now gives your firm its sharpest competitive edge.

Check Your Knowledge: Question 4

Which of the following does *not* constitute a reason that retention is so challenging for some companies these days?

- In some geographic regions, the overall workforce is maturing while birthrates have been declining.

Not the best choice.

A maturing workforce and declining birthrates actually *do* constitute reasons that retention has become more challenging for some companies today. The statement that more and more workers have inherited enough money from previous generations and can expect healthy early-retirement benefits from Social Security so that they don't need to work as much as preceding generations had to is *not* a reason why retention is so challenging.

- More and more workers have inherited enough money from previous generations and can expect healthy early-retirement benefits from Social Security so that they don't need to work as much as preceding generations had to.

Correct choice.

More workers are not in fact inheriting enough money to be able to work less than preceding generations. Thus, this is not a primary reason that retention has become especially challenging for some companies today.

- In some geographic regions, unemployment rates are falling and the economy is booming. Thus companies are spending more and more of their resources to attract fewer and fewer available workers.

Not the best choice.

Falling unemployment rates and a booming economy in some regions actually *do* constitute reasons that retention has become more challenging for some companies today. The statement that more and more workers have inherited enough money from previous generations and can expect healthy early-retirement benefits from Social Security so that they don't need to work as much as preceding generations had to is *not* a reason why retention is so challenging.

Check Your Knowledge: Question 5

Is the following statement true or false? The best way to improve retention in a highly diverse workforce is to treat everyone exactly the same.

- True

Not the best choice.

This statement is actually false. Many people think that treating everyone the same means that they are treating everyone fairly. But with today's diverse workforce, a "one-size-fits-all" approach to retention no longer works. The best way to improve retention in a diverse workforce is to listen to the various employees' concerns and needs and find creative ways to address them. For example, if a valued employee has physical limitations, you could consider providing him with assistive technologies (such as voice-activated software)—something you may not do for other employees. Both he and your organization benefit.

- False

Correct choice.

Many people think that treating everyone the same means that they are treating everyone fairly. But with today's diverse workforce, a "one-size-fits-all" approach to retention no longer works. The best way to improve retention in a diverse workforce is to listen to various employees' concerns and needs and find creative ways to address them. For example, if a valued employee has physical limitations, you could consider providing him with assistive technologies (such as voice-activated software)—something you may not do for other employees. Both he and your organization benefit.

Check Your Knowledge: Question 6

Which of the following hiring strategies is *not* necessarily a way to improve retention?

- Hiring people who will feel deeply and passionately interested in the activities that the job will entail

Not the best choice.

Hiring people who will feel deeply and passionately interested in the activities that the job will entail actually *is* a smart way to improve retention in your company. When employees can express their deepest business interests through their work, that work will keep drawing their attention and inspiring them to perform and achieve. Thus, they will want to stay with the job. Hiring people who are the best and most sought-after candidates on the job market, however, may not help you improve retention.

- Hiring people who are the best and most sought-after candidates on the job market

Correct choice.

Hiring the "hottest" prospects may not help you improve retention. These individuals may be so confident of their desirability that they won't bring a healthy dose of appreciation and gratitude to their new job at *your* firm. Consequently, they'll always have one eye out for the "bigger, better deal."

- Hiring people who best match your department's or division's microculture

Not the best choice.

Hiring people who best match your department's or division's microculture actually *is* a smart way to improve retention in your company. Culture is closely related to affiliation—that surprisingly common need to work with people whom we like, respect, and admire. A good "culture match" thus increases your chances of retaining new employees. Hiring people who are the best and most sought-after candidates on the job market, however, may not help you improve retention.

Check Your Knowledge: Question 7

Which of the following is uppermost in most employees' minds today and therefore the most important way for your firm to attract and retain the best employees?

- Compensation

Not the best choice.

Certainly, compensation plays a role in how attractive your firm is to potential and current hires. But support for employees' personal and professional growth is what will *most* catch workers' attention and make them want to work for—or stay with—your company.

- Benefits and perks

Not the best choice.

Certainly, benefits and perks play a role in how attractive your firm is to potential and current hires. But support for employees' personal and professional growth is what will *most* catch workers' attention and make them want to work for—or stay with—your company.

- Employees' personal and professional development

Correct choice.

Many employees today are most concerned with managing their own personal development and careers—and getting support in this effort from their employers. In fact, offering employee-development support may make your firm more attractive to potential and current hires than a big paycheck or hefty benefits.

Check Your Knowledge: Question 8

Which of the following statements is *not* true about a company's or department's culture?

- The atmosphere and the ways in which people treat each other can strongly influence culture

Not the best choice.

This statement is actually *true*. Examples of atmosphere include friendly, formal, fast-paced, and methodical. Examples of the ways in which people treat each other include respectful, fair, and patient. The correct answer is "many employees think of 'culture' as one of the least important reasons for staying with—or leaving—a company." This statement is *not* true.

- It's more important to match employees to your department's culture than to your company's culture

Not the best choice.

This statement is actually *true*. It's your division's, department's, or even team's microculture that gives you your best chance of keeping talented employees. After all, that's the culture in which they spend most of their time while working. The correct answer is "many employees think of 'culture' as one of the least important reasons for staying with—or leaving—a company." This statement is *not* true.

- Many employees think of "culture" as one of the least important reasons for staying with—or leaving—a company

Correct choice.

Many employees actually cite "culture" as one of the *most*, not least, important reasons for staying with or leaving a company. Therefore, you can improve retention by being aware of your department's culture and taking steps to shape it so that valued employees embrace it.

Check Your Knowledge: Question 9

True or false: The most effective way to keep an employee from leaving who has just given notice is to counteroffer with a larger salary than his or her potential new employer is offering.

- True

Not the best choice.

This statement is actually false. Counteroffering may be a common response when an employee gives notice—but it's not the wisest. That's because it doesn't get to the root of why most employees leave. Often, they're leaving because they're not happy with their supervisor, their work, or the company itself. Counteroffering *may* tempt them to stay—but the same old problems, and attempts to find another job outside the company, will soon crop up again.

- False

Correct choice.

Counteroffering is a common response when an employee gives notice—but it's not the wisest. That's because it doesn't get to the root of why most employees leave. Often, they're leaving because they're not happy with their supervisor, their work, or the company itself. Counteroffering may tempt them to stay—but the same old problems will soon crop up again, prompting further attempts to find a job outside the company.

Check Your Knowledge: Question 10

The best way to help employees avoid burnout is to:

- Create a long-term, strategic staffing plan that ensures that there are enough people—and the right people—to get needed work done, and help employees manage workloads

Correct choice.

Strategic staffing and wise management of employees' workloads can stave off the feelings of hopelessness that can cause overburdened employees to leave.

- Provide plenty of punching bags, boxing gloves, and other stress-relief "toys" around the office

Not the best choice.

Access to stress-relief "toys" may help relieve pressure for some employees, but strategic staffing and wise management of employees' workload offer a more enduring solution to impending burnout.

- Require all employees to use up their vacation time on a regular, structured basis

Not the best choice.

Using up vacation time regularly may help relieve pressure for some employees, but strategic staffing and wise management of employees' workload offer a more enduring solution to impending burnout.

Check Your Knowledge: Results

Your score:

Steps for managing exhausted employees

1. **Talk with employees who are complaining of impending burnout to determine whether work exhaustion is causing the problem.**

Talking can help you determine whether the complaints are stemming from work exhaustion. Without asking, it's difficult to distinguish between work-exhaustion causes, or other causes such as personal strain, health problems, or family concerns.

For example, listen for comments like the following, which all signal work exhaustion:

- "I have way too much to do—I can't keep up with it all."
- "The more I do, the more work I get."
- "I'm trying to do everything perfectly, and I just can't manage."
- "Upper management's changing priorities around way too fast—it's confusing."
- "We don't have enough help around here."
- "They keep raising the bar but don't give us the resources we need to get the job done."

2. **If the cause of the impending burnout is work exhaustion, figure out whether the employee attributes the exhaustion to a personal weakness or deficiency, or to reasons external to him- or herself.**

An employee's attribution of the cause for a negative situation can inform your decisions about how to ease the problem. Do they see an external force as responsible? ("It's their [managers', customers', and so on] fault.") Or do they assign responsibility to themselves for the situation? ("It's my fault.")

Reexamine the comments listed in Step 1:

- "I have way too much to do—I can't keep up with it all."
- "The more I do, the more work I get."
- "I'm trying to do everything perfectly, and I just can't manage."
- "Upper management's changing priorities around way too fast—it's confusing."
- "We don't have enough help around here."
- "They keep raising the bar but don't give us the resources we need to get the job done."

The third comment—"I'm trying to do everything perfectly, and I just can't manage"—suggests that the employee sees the cause of his or her burnout as a personal trait or flaw. The other five comments suggest that the employee attributes his or her burnout to external factors—managers, customers, and so forth.

3. **Determine whether the employee believes that something can be done to improve the situation.**

When employees believe that nothing can be done to ease their overload, they're more likely to seriously consider leaving the company—or, perhaps even worse for all concerned, to stay but fall into a depressed state of "malaise" (what psychologists call "learned helplessness"). If they

think that hope is in sight, they're more likely to consider staying and seeing whether things actually improve. Discerning which belief an employee holds lets you decide how much encouragement or reassurance to give, and shapes what you do next.

4. Develop an action plan with the employee.

Adapt your action plan according to how the employee has attributed the cause of his or her overload (internal or external responsibility).

For example, if the employee admits to being so much of a perfectionist that he or she can't manage the workload, try these steps:

- Clarify expectations or target dates.
- Point out that the person is carrying an unusually large load and doesn't need to do everything perfectly.
- Carefully explain that the person is working from unrealistic standards compared to most other employees.

Or, if the employee attributes the overload to external factors, let him or her know that you will work on:

- Improving methods of assigning tasks
- Developing realistic expectations
- Adding resources
- Providing needed training

5. Periodically evaluate your action plan, so that you and your employees can determine whether the actions taken are alleviating the causes of the exhaustion.

Steps for diagnosing and closing retention gaps

1. Collect and analyze all employee turnover and exit-interview data.

Remember: Exit-interview information is valid only if the departing employee trusts the interviewer. When conducting an exit interview, make absolutely certain the employee knows that the interview contents will remain confidential. And with each departure, list and add up the various costs of losing that individual. Use that list as a starting point for defining retention goals, and add to it as employees leave and new hires come on board.

For example, in assessing turnover costs, don't forget often-overlooked costs such as loss of company and industry knowledge, stress on employees picking up the slack, moving allowances for new employees, disgruntled customers, and loss of other employees through the all-too-common domino effect.

2. Survey managers to get their attitudes about and experiences with retention.

Again, the assurance of confidentiality is essential to get honest answers.

Be sure to survey managers at all levels. Then, compare mid-level managers' responses to those of supervisors and senior leaders.

For example, different managers may have different ideas about what retention rates in their groups should be. The head of the sales department may not be as concerned about

retention as the IT manager is.

3. Look ahead in a "future pull" session.

Imagine that, one year from now, your senior team is celebrating its retention for that year. What would you like to see? Brainstorm possible scenarios, and write them down. Then back up from the outcomes and brainstorm the scenarios that went into bringing about those outcomes.

For example:

- "We've retained 95% of our top talent."
- "Good people are banging at our doors."
- "Customer retention rates have increased 10%."

4. Focus on the current organizational realities relating to retention.

Include numbers and costs wherever possible.

For example:

- "We lose 15% of our talent every year."
- "We're constantly orienting and training replacements."
- "An employee who left last year took a key customer, and we lost a \$50,000 contract."

5. Identify obstacles to achieving the desired future state you defined in Step 3.

For example:

- Managers are ill-equipped to improve retention.
- The organization lacks a retention mind-set.
- The organization doesn't offer career-development resources to employees.

6. Brainstorm potential strategies for closing the gap.

Review the general retention strategies suggested in this topic and adapt to your organization and the particular challenges you're facing.

7. Gather input and insights from focus groups and interviews.

Use the "future pull" process with focus groups representing multiple levels and functions in the organization—the diverse and numerous stakeholders.

For example, ask group members:

- What they feel is unique about your retention situation
- What is working for you and against you in trying to meet your retention goals
- Why they think people stay
- Why people leave, and what attrition costs the organization
- What could be done to lessen attrition
- What keeps them at the company

8. Use the information you've collected to develop a set of retention strategies and goals for the company.

Use all the information from the above steps to give senior managers feedback and present recommendations such as the following:

- Develop a consistent strategic retention plan for the organization
- Emphasize the importance of retention to all managers, supervisors, and team leaders
- Put support structures in place—for example, a retention champion or task force

9. Tap a retention champion.

Place someone in charge of designing ongoing retention strategies. Let this person interface as much as possible with recruiters, coaches, trainers, line managers, and individual contributors. Consider appointing rotating retention champions in all departments.

10. Organize a retention task force.

Get internal help from a diverse group of managers and employees who can monitor turnover situations and work together to address them. Be sure the group has enough time and resources reserved for them to manage their ongoing charge.

Adapted from Beverly Kaye and Sharon Jordan-Evans. *Love 'Em or Lose 'Em: Getting Good People to Stay*. San Francisco: Berrett-Koehler Publishers, 2008.

Tips for getting good people to stay

- **Trust the team.** Give employees/team members the opportunity to use their unique strengths every day. It is a truism that many of the best ideas float up to the top from down below—if that is allowed and encouraged. If it isn't, people may get bored or upset, and they won't be doing what they do best.
- **Make connections.** To build a sense of community, spend some time every day checking in with individual employees to see how they're doing—personally and professionally. Let employees direct where the conversation goes, so you don't stumble on private or sensitive topics.
- **Respect individuality.** Not all employees are created equal. Recognize their individual needs, and adapt assignments, perks, and recognition accordingly.
- **Get buy-in.** To enhance commitment and performance from employees, build a team that has a mission with something that appeals to each employee (if possible).
- **Say "thank you."** In creative, informal ways, acknowledge how much employees' various contributions mean to you—perhaps through a sealed note left on a chair after hours, a warm voice message, or a bouquet of flowers. A thirty-second interaction in which you express your genuine appreciation for a job well done can mean more than a monetary bonus.
- **Let others play.** Delegate—and then let employees handle their own projects. This lets them learn new skills and make their own mistakes (and learn from them), and takes some of the work burden off your shoulders. It also lets them know you trust them to learn and improve.
- **Find out what matters to individual employees.** Ask, listen, and then deliver when possible.
- **Provide competitive salaries and benefits.** Use salaries and benefits as a baseline, and build meaningful perks from there.
- **Provide career development opportunities.** You can do this through employees' current roles or through other assignments and training. Such opportunities challenge employees and help them strengthen their skills.

Tips for building your retention task force

- **Make it an "all-volunteer" force.**
- **Include representation from multiple organizational levels and functions.**
- **Require a minimum two-year tenure.**
- **Clarify the "returns on investment" for participation in the task force:** (1) a rotational assignment and cross-organizational exposure, (2) a development opportunity or chance for skill development, and (3) general visibility in the organization (including at top levels). Follow through on these promises!
- **Clarify the task force's mission:** to build and strengthen the retention of talent within the organization.
- **Clarify the key activities of the task force:** (1) Through interviews, surveys, and meetings, assess retention probability and risk in various teams, functions, and departments; (2) Benchmark other organizations with high retention rates—especially competitors—and disseminate information through reports; (3) Provide feedback to interested parties; and (4) Identify and implement retention programs (such as manager training, individual coaching, accountability mechanisms for managers, and so forth).
- **Designate a "retention champion."** This person (1) has strong interpersonal skills, (2) is trusted and respected at all levels in the organization, and (3) is motivated to do the work. Remove other responsibilities to free up time and energy for this task.
- **Assign these core responsibilities to the retention champion:** (1) Roam the organization, watching for retention-risk symptoms and activities, and bring information to the task force; (2) Identify managers doing a great job at retention, and notify task force so they can be rewarded and their practices disseminated and emulated; (3) Research new ways to retain people; (4) Ask managers and employees questions such as "What keeps you here?" and "What would entice you away?"; (5) Be a confidant to employees with complaints and concerns; (6) Interface with recruiters to learn what new employees are asking; and (7) Provide a bridge between recruiters and managers to translate retention recommendations.
- **Track your progress in raising retention rates by job category, division, or corporation.** Regularly discuss the results. Calculate the savings where possible.

Adapted from Beverly Kaye and Sharon Jordan-Evans. "Retention: Tag, You're It!" *Training & Development*, April 2000.

Tips for building your online internal job-search tool

- Make sure that the tool's language and presentation convey the message that it's okay to look for various new jobs within the company. For example, include a personal note from and photo of the CEO welcoming users to the tool, or have vignettes featuring photos and stories of employees who have found great jobs in the company. Message: We care, and we want you to stay with us, whether in your current position or in another within the company.
- Make the tool fun to use—perhaps through engaging graphics, interactive exercises, or pithy quotations about work and job-hunting that everyone can relate to.
- Augment the tool with self-assessment devices that help employees clarify their interests, values, and skills—or provide links to such devices.
- Provide detailed information about jobs in terms of core business interests, rewards, and required skills. For example, "of the eight core business interests, these are the two (or three) you'll have the most opportunity to express in this job"; "of the thirteen rewards you may value, these are the three to five that are the most abundant in this job"; "of the ten business abilities you may have, these are the three to five that are most necessary for success in this job." That way, the employee can "map" his or her self-assessment results directly against each position.

- Personalize the tool. For example, let job seekers register one or more "personal search agents" (PSAs) that will automatically notify them by e-mail whenever a new opening of interest is posted.
- To help employees register for a PSA, be sure they specify their core interests, reward values, and skills; preferred locations; full- or part-time employment; and key words.
- Make sure the tool is engaging and easy to use. Publicize it and educate employees on how to use it—through posters, note cubes, workshops, periodic electronic postcards, and so forth.
- For employees seeking confidentiality, let them create a separate, free e-mail address instead of using their work e-mail.
- Track "hits" per month to see usage patterns and address any problems.
- Hire an outside technology firm (if necessary) to ensure that the tool accomplishes the above goals.

Tips for using training to foster retention

- **Offer training that gives employees the skills they'll need to keep** contributing to the company in the future. This means thinking ahead to potential trends and changes in your industry, defining the skills and personal abilities that will be important down the road, and helping employees to obtain those skills and abilities.
- Offer training in career self-management to help people chart the best career paths for themselves in your company. (This will encourage them to "think locally" rather than look outside—potentially to your competitors—when they want to make changes.)
- Consider providing educational assistance as a basic benefit—this conveys the message that your firm (like most employees today) sees training and skills development as a high priority.
- Technical skills go out of date faster than any other skills. With these skills, stay current on what's changing—and make sure to provide employees with the latest training in this area.
- Technically-savvy employees don't necessarily have the interpersonal skills required to perform well in a team-oriented workplace. Support technical or task-oriented skills training with training in interpersonal skills (from the simplest activity such as having a conversation over lunch, to more challenging skills such as managing emotions, dealing with stress, solving problems, and handling conflict).
- You may get the biggest payoff from providing personal "executive coaching" to certain valued employees who need more help developing those interpersonal skills. Others will benefit from group training in maximizing personal effectiveness and eliminating "career Achilles' heels."
- Familiarize employees with your company's history—not only in terms of its own growth but also in terms of its place in its industry. Knowing the firm's history strengthens employees' sense of their contribution to that history—thus buttressing commitment and loyalty.
- Communicate your company's vision for the future (its "history of tomorrow today")—especially if your company is too young to have much of a history, but even if it's not.
- To get your CFO's support for investment in training, communicate the statistics: If workers get the training they want, 12% of them may still leave their current company anyway. But if they don't get the desired training, 41% will leave. In a company of 1,000 employees, the resulting turnover will cost \$14.5 million a year.
- Don't base employees' growth opportunities on their tenure. Instead, base them on their contributions. This motivates employees to keep improving performance.
- Encourage managers to identify successors and future leaders, and to inform those star performers of different career paths within the organization. Together, identify how the company can help them attain their goals.

- Ask employees to evaluate all training opportunities, and use that feedback to improve your offerings.

Tips for recognizing the early warning signs of defection

- Pay attention to a change in behavior, such as coming in later than usual, leaving earlier than usual, taking breaks out of sight of others, eating lunches alone, dressing more formally than before, or showing major mood changes.
- Be alert to a decline in performance.
- Notice sudden complaints from someone who hasn't typically been a complainer.
- Listen for numerous wistful references to other companies (something like "I heard of this guy who got a \$20,000 signing bonus!") or employees who have left ("I heard from Sophie, and she's so happy at ... She has her own office, if you can believe that—and she's got a great new product to work on ...").
- Watch for a team member who is withdrawing from others; for instance, someone who has always participated in meetings or volunteered for extra projects is now doing just enough to get by.
- Respond quickly to talk about "burnout."

Tips for hooking the right prospects

- **Approach each desirable prospect as a unique case.** Work to understand candidates—their interests, needs, and goals—before you first make direct contact with them. Then, frame your offer in a way that hooks them!
- **Make your offer in terms of total compensation**—including base salary, bonus, all forms of equity, and benefits. Add them together, and you can impress the candidate with just how much you're willing to spend to hire him or her!
- **Career growth and personal development are important to nearly all job candidates.** So be sure to tell them about advancement opportunities and training and development programs offered by your company. You can frame those as part of compensation.
- **Help desirable prospects get to know some employees at your company by partnering candidates with different employees at each meal during onsite visits.** Give them access to a network of newly hired employees. That way, soon-to-be friends can find and get to know one another, and potential new hires can get an inside look at the recent experiences of other people who have accepted offers from your firm. (Of course, you'll want to choose employees who enjoy meeting new people—and who are positive, "goodwill ambassadors" for the company.)
- **Communicate the quality of your company's culture and environment**—its internal atmosphere—as well as external factors such as the surrounding community, recreational opportunities, and the local school system. Think about inviting a candidate's entire family to visit the area for a weekend.
- **Everyone wants to work for a winner.** Your company's reputation, its values and vision, its past record, and its plans for the future are all part of recruiting the right new hires. Tailor your offer as necessary.

For example, with candidates who have left mature, perhaps stagnant industries, pitch the entrepreneurial aspects of your company and the growth of your industry.

Worksheet for conducting a stay interview

<i>Worksheet for Conducting a "Stay Interview"</i>
<i>You're no doubt familiar with "exit interviews" conducted when people are leaving positions. This worksheet is for a "stay interview"—which you conduct before people even <u>consider</u> leaving, to help you learn what you can do to avoid having to conduct an exit interview.</i>
What interests you the most? (This question encourages employees to think about their core interests. You can then talk together about how well their current role lets them express their core interests.)
What motivates you? (This question gets at work reward values. For an increasing number of employees, factors other than a big paycheck are important—especially in economic boom times, when a healthy pay stub is readily available. Note: Don't assume that your employees value the same work rewards that you do.) <i>Example: If you learn that an employee puts family life first, offering flextime may earn his loyalty. Another employee may crave a sabbatical to do volunteer work in her community.</i>
What do you do best? (This question helps employees assess their skills. You can then talk together about how well their current roles match their skills or provide opportunities for them to "stretch." Then you can define any necessary skill-development efforts.)
What are your short-term goals? (During an interview, see how these objectives fit with a current job opening. Over time, keep an eye on how they change—so you can help the employee keep improving. By monitoring changes in goals, you can sense what kind of employee you've got: driven, steadfast, creative, and so forth.)
What are your long-term goals? (If the answer requires skills your employees don't have, suggest appropriate training or "stretch" opportunities.)
How do your short-term goals fit your long-term goals? (The first time you ask this one, the employee may not have an answer. But the question prompts people to start thinking about how to get from point A to point B—which is good for their careers and useful in their current responsibilities.)
What do you need from me? How can I—or the company—help? (Asking this question is a powerful move. It shows employees that you're interested in their future and their personal development, and it gives you the information you need to manage them well.)
<small>Adapted from Beverly Kage and Sharon Jordan-Ryans, <i>Love, Em or Lose: Em: Giving Good People to Stay</i>, San Francisco: Berrett-Koehler Publishers, 2008. © 2010 Harvard Business School Publishing. All rights reserved.</small>

Worksheet for calculating the cost of replacing a specific employee

Worksheet for Calculating the Cost of Replacing a Specific Employee	
Use this form to calculate the cost of employee turnover in one position or salary range per year. Calculate costs for replacement employees only. Do not calculate costs for employees hired to fill new positions.	
Position:	Salary level:
Hiring Costs	
<i>Direct costs to hire 1 new employee</i>	
Advertising	
Average fee to employment agencies, placement firms	
Sign-on bonus	
Referral bonuses to other employees	
Travel and expenses (include yours and money you reimburse to prospective candidate)	
Other direct costs	
Total Direct Costs to Hire	
<i>Indirect costs to hire 1 new employee</i>	
Estimate the costs incurred by having all current employees perform the following activities related to a new hire:	
Interviewing (costs of current employees at all levels of interviewing, from initial phone call through final interview)	
Checking references	
Lost revenue (include costs of time spent away from actual jobs)	
Miscellaneous indirect costs (phone, copy, fax)	
Total Indirect Costs to Hire	
Training Costs	
<i>Direct costs to train 1 new employee</i>	
Time spent by person/people directly responsible for training new hire to do job. Cost per hour times number of hours.	
Cost per participant of general training programs, training materials, seminars for new hires	
Travel and expenses per participant for above	
Other direct costs	
Total Direct Costs to Train	
<i>Indirect costs to train 1 new employee</i>	
Estimate the time spent by all current employees who are involved in training a new candidate:	
General training in company technology and procedures, processes, etc.	
On-the-job training costs before employee becomes fully productive	
Total Indirect Costs to Train	
Estimated Revenue Lost by Vacant Position	
TOTAL COSTS: SINGLE EMPLOYEE	
Annual Cost of Employee Turnover	
To calculate the annual cost of employee turnover, multiply the cost of replacing one employee times the number of replacements each year.	

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Work culture survey

<i>Work Culture Survey</i>
<i>Use this tool to help you, your work group, or team assess your work culture within the larger organization. This can help you hire new employees who will thrive in this type of culture, and also identify ways to better meet current employees' needs and expectations.</i>
Our Current Work Atmosphere
How informed and involved do I/we feel in our group's overall strategy and decision-making?
<input type="checkbox"/> Very <input type="checkbox"/> Not at all
How do we dress for work?
<input type="checkbox"/> Formally <input type="checkbox"/> Casually <input type="checkbox"/> Mixed
How much spontaneous gathering for fun, breaks, and stress relief do we engage in?
<input type="checkbox"/> None <input type="checkbox"/> Some <input type="checkbox"/> A lot
How much do we get together outside of the office?
<input type="checkbox"/> None <input type="checkbox"/> Some <input type="checkbox"/> A lot
How much privacy and quiet do I/we have?
<input type="checkbox"/> None <input type="checkbox"/> Some <input type="checkbox"/> A lot
What kinds of overall culture do I/we think our group emphasizes? Check as many as apply:
<input type="checkbox"/> Customer Service (emphasizing creating internal and/or external customer solutions and getting close to customers by anticipating their needs and creating value for them)
<input type="checkbox"/> Innovation (emphasizing new ideas, processes and products, taking risks, embracing change, and so forth)
<input type="checkbox"/> Operational Excellence (emphasizing efficiency, effectiveness, smooth operations)
<input type="checkbox"/> Spirit (emphasizing creating environments that inspire employee excellence and creativity, uplift people's spirits, unleash energy and enthusiasm, and strive toward a greater common goal)
Does our group's culture have enough "give" in it to accommodate different kinds of people, or is it a "love it or leave it" affair? (Be honest!)
More specifically, what parts of the culture does someone have to subscribe to in order to fit in?
Other important things about our culture (values, unspoken rules, etc.):
Ideas for Improving the Culture
Are there any important gaps between what kind of atmosphere you would like to work in, and what kind of atmosphere currently characterizes our group? If so, what are they?
What measures might help improve our work culture and/or help close gaps between what we want or need and what exists?

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Retention self-assessment

Retention Self-Assessment		
Use this self-assessment to help you get a sense of how your attitudes and behaviors as a manager might influence retention in your department. Check either Yes or No for each of the 15 questions below, then see the instructions for interpreting your results.		
Do you . . .	Yes	No
1. . . . believe that managers can play an important role in their firms' retention rates?		
2. . . . regularly hold "stay interviews," professional development reviews, or other meetings in which you and your employees discuss how they're doing?		
3. . . . have a clear sense of your department's, division's, or team's microculture and how well it suits the majority of your people?		
4. . . . think that employees' family and personal lives are just as important as their work lives?		
5. . . . join in the fun when others are taking breaks, sharing jokes, and generally relieving stress?		
6. . . . make an effort to listen for, understand, and address the unique concerns or needs of the diverse employees in your group?		
7. . . . understand each employee's core business interests, work reward values, and skills—and how well his or her current role suits all three?		
8. . . . have a strategy in place for detecting and addressing potential burnout among your team?		
9. . . . know exactly how much turnover in your group costs the company—in terms of dollars?		
10. . . . believe that most employees don't consider compensation the most important aspect of their work?		
11. . . . feel comfortable with the idea of "job sculpting" (redefining an employee's current role so that it better matches his or her core interests) and helping employees find other opportunities within the company if sufficient sculpting isn't possible?		
12. . . . think that employees' personal and professional development is important to them and find ways to support them in this effort?		
13. . . . have clear retention targets established for each function and role in your department and have a process in place for assessing how well you're meeting those targets and closing any gaps?		
14. . . . routinely acknowledge your people's contributions in personal, creative ways?		
15. . . . know exactly which of your people are your top one-third performers and which are your high-potential people?		
Score		
Interpreting your score: If your Yes's outnumber your No's, you're on the right retention track. If your No's far outnumber your Yes's, skim the Core Concepts in this topic again to get more familiar with retention issues and strategies.		

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Why Develop Others?

"At the end of the day, you bet on people, not strategies."

Larry Bossidy

Former CEO, AlliedSignal

In today's global business environment, markets and regulations change quickly. Competitors constantly innovate. Technological changes are the norm.

In order to outmaneuver the competition and meet the demands of the moment, organizations must be agile. They must execute flawlessly. And they must transform themselves continuously.

Are your leaders ready?

Dr. Noel M. Tichy

Professor

University of Michigan Ross School of Business

We have now entered an era where I don't care what industry you're in, you need leaders who can make decisions, make judgment calls at every single level. All the way down to the interface with the customer.

If you go to a company like Google or any of the high tech companies, a lot of the innovation that Amazon does is happening right at the front line. Go ahead, try it, put it out there, we'll learn from it. That cannot happen if the senior leadership doesn't have a commitment to both develop the leadership capability, but develop the business through engaging people at all levels of the organization.

Becoming a teaching organization

I like to tell parents that they cannot delegate their responsibility to develop their children. And I think it is the same in an organization. Day in and day out the person that has the biggest impact on people in the organization is the next level above and the associates around and below. And so to build a learning organization I say is not enough. Learning could be, you know we are learning cooking, we are learning this or that, but teaching organizations, when I learned something, I have a responsibility to teach my colleagues.

So everybody takes responsibility for generating new knowledge and it is not enough to be a learner, you then have to translate it into teaching.

The Virtuous Teaching Cycle

The role of a leader is to ensure that the people who work for them and around them are better every day. There's only one way to make people better. It's to teach them, learn from them, create what I call "virtuous teaching cycles", not command and control.

A virtuous teaching cycle is teach learn, teach learn. And the leader has a responsibility for reducing the hierarchy, for having a point of view to start the discussion, but then to be responsible to hear everyone's voice, get everyone involved in a disciplined way. It is not a free for all. But it is the leader's responsibility to create that virtuous teaching cycle.

A wonderful example of virtuous teaching cycle is the program that Roger Enrico ran at Pepsi, where every one of the 10 vice presidents comes with a business project.

Roger Enrico gets smarter as result of five days with 10 vice presidents, because he's learning from them. He needs to lower the hierarchy. He needs to be open to learning. And in turn, the people participating need to be energized and empowered to come up and engage in problem solving.

Another example is at Best Buy, where every morning in the stores you would bring 20 associates or so together and they would review the profit and loss statement from the day before, what we learned from the different customer segments in our stores, what we can do to improve our performance this day. And they do that every single day. The store manager was learning mostly from the associates on the floor.

That was a virtuous teaching cycle were everybody is teaching everybody, everybody is learning and the result has been an incredible result at Best Buy.

"The growth and development of people is the highest calling of leadership."

- Harvey S. Firestone

Founder, Firestone Tire and Rubber Co

There are clear advantages to leader-led development.

But for many leaders, taking on teaching, coaching, and other development responsibilities can seem daunting. You might avoid taking on these roles due to lack of time, resources, or your own lack of comfort with this role.

The following tips and resources can help you impart valuable learning to your team every day.

To develop others...

- Start with a Teachable Point of View

The first requirement of being able to develop other leaders is to have what I call a teachable point of view. I often give the example of, if I ran a tennis camp and you just came to day one of the tennis camp, I better have a teachable point of view on how I teach tennis. So you are standing there looking at me and it has got four elements. One, the ideas, well how do I teach the backhand, the forehand, the serve, rules of tennis. Then if I am a good tennis coach, I have a set of values. What are the right behaviors I want, how do I want you to dress, how do I want you to behave on the tennis court.

But if that's all I have, what do I do? Show you a power point presentation and then expect you to hit 500 backhands, 500 serves, run around for eight hours. I have to have a teachable point of view on emotional energy. How do I motivate you to buy in to the ideas and values?

On one end of the spectrum it could be I threaten you with corporal punishment, the other I can give you stock options, I can make you feel good about yourself, I can help you develop as a human being, what motivates you.

And then finally, how do I make the tough judgment calls, the yes/no, decisions as the tennis coach, the ball is in, the ball is out. I don't hire consultants and set up a committee, it is yes/no. And the same with running a business, what are the products, services, distribution channels, customer segments that are going to grow top line growth and profitability of the organization.

What are the values that I want everyone in the organization to have, how do I emotionally energize thousands of people, and then how do I make the yes/no, judgments on people and on business issues. So the fundamental building block of being able to develop other leaders is to have that teachable point of view just like the tennis coach.

To develop others...

- Lead with questions

Questions are hugely important because you want to create dialogue and again, what I call a virtuous teaching cycle where the teacher learns from the students and vice versa. Which means everybody ought to be free to ask whatever is on their mind, whatever it will take to get clarity and understanding, but it is not the leader just coming in and freeform asking questions. I believe the leader has a responsibility for framing the discussion, for having as best they can a teachable point of view, they may need help from their people in flushing it out, but they need to set the stage but then it has to be a very interactive, what I call virtuous teaching cycle environment, teach learn, teach learn, teach learn.

To develop others...

- Make it part of your routine

A good example to me of an outstanding leader developing other leaders is Myrtle Potter who at the time I am commenting was Chief Operating Officer of Genentech running the commercial side of the business. And she would take time at the end of every single meeting and do some coaching of the whole team on how we could perform as a team better, and then she would often take individuals and say, could we spend 10 minutes over a cup of coffee, I want to give you some feedback and coaching on that report that you just presented on or how you are handling a particularly difficult human resource issue, but it was part of her regular routine. And I think the challenge for all of us as leaders is to make that a way of life and it is built into the

fabric of how we lead and it is not a one off event, three times a year. It is happening almost every day.

To develop others...

- Make it a priority

One of the biggest challenges in getting people kind of on this path is to overcome some of their own resistance, either fear or the way I view the world I don't have time for this, everybody can make time. Roger Enrico is CEO of Pepsi. He didn't have time to go off for a week at a time and run training sessions. He had to readjust his calendar. So it requires you to look in the mirror and say, is this important. If it is important, of course I can make the time. Then I have to get over my own anxiety on how well I can do it, but it is a commitment to get on the path that says: this is how I am going to drive my own performance and the performance of my colleagues.

To develop others...

- Learn to teach

I think the biggest mistake is to assume you are going to be good at it right off the bat. It is like learning anything else. First time you go out and try and play tennis, good luck. But you got to stay with it and you got to engage your people in helping make you better and them better. And so it is a journey you need to get on, not I am going to do it perfectly when I start out.

If you want to be a great leader who is a great teacher, it's very simple. You have got to dive into the deep end of the pool. But you've got to dive into the pool with preparation. I don't want you drowning. I want you succeeding. It is extraordinarily rewarding for most human beings to teach others. I think once you can turn that switch on, it is self perpetuating. You get a lot of reinforcement, your team is better. You perform better because your performance goes up and it becomes this virtuous teaching cycle.

Your opportunity to develop others

We've heard why developing others can drive greater business results, and how to make the most of your leader-led development efforts. The materials provided in Develop Others enable you to create personalized learning experiences for YOUR team within the flow of their daily activities. Use the guides and projects to engage your team quickly. And to explore how key concepts apply to them in the context of their priorities and goals.

The value of teaching is the performance of the organization is totally dependent on making your people smarter and more aligned every day as the world changes. In the 21st century we are not going to get by with command and control. We are going to have to get by with knowledge creation. The way you create knowledge in an organization is you create these virtuous teaching cycles where you are teaching and learning simultaneously, responding to customer demands and changes, responding to changes in the global environment. My bottom line is if you're not teaching, you're not leading.

A leader's most important role in any organization is making good judgments — well informed, wise decisions about people, strategy and crises that produce the desired outcomes. When a leader shows consistently good judgment, little else matters. When he or she shows poor judgment nothing else

matters. In addition to making their own good judgment calls, good leaders develop good judgment among their team members.

Dr. Noel M. Tichy

Professor, University of Michigan Ross School of Business

Dr. Noel M. Tichy is Professor of Management and Organizations, and Director of the Global Business Partnership at the University of Michigan Ross School of Business. The Global Business Partnership links companies and students around the world to develop and engage business leaders to incorporate global citizenship activities, both environmental projects and human capital development, for those at the bottom of the pyramid. Previously, Noel was head of General Electric's Leadership Center at Crotonville, where he led the transformation to action learning at GE. Between 1985 and 1987, he was Manager of Management Education for GE where he directed its worldwide development efforts at Crotonville. He currently consults widely in both the private and public sectors. He is a senior partner in Action Learning Associates. Noel is author of numerous books and articles, including:

For more information about Noel Tichy, visit <http://www.noeltichy.com>.

Share an Idea

Leaders are in a unique position to recognize the ideas and tools that are most relevant and useful for their teams. If you only have a few minutes, consider sharing an idea or tool from this topic with your team or peers that is relevant and timely to their situation.

For example, consider sending one of the three recommended ideas or tools below to your team with your comments or questions on how the idea or tool can be of value to your organization. By simply sharing the item, you can easily engage others in important conversations and activities relevant to your goals and priorities.

[Tips for hooking the right prospects](#)

[Retention self-assessment](#)

[Steps for managing exhausted employees](#)

To share an idea, tip, step, or tool with your comments via e-mail, select the EMAIL link in the upper right corner of the page that contains the idea, tip, step, or tool that you wish to share.

Discussion 1: Hiring People Who Will Stay

What's the first step your team members can take to keep valued employees on board? Hire the right people in the first place.

Yet making hiring decisions isn't easy. Team members may fall victim to several seductive "siren songs" while trying to select new hires from a pool of promising candidates. For example, they may hire someone who has all the right skills for the job — but doesn't feel a deep passion for the work. Or they may select candidates who are so confident of their desirability that they'll always keep one eye out for a "bigger and better deal."

When your team members come under the sway of these misguided hiring practices, the desirable employees they've brought on board may soon walk out the door — taking their knowledge and talents with them.

The best way to avoid this scenario is to understand what can sabotage good hiring decisions and apply potent practices for keeping talented people on board once they've joined the team.

Use these resources to lead a discussion with your team about how to hire people who are not only good — but who will also stay.

Download resources:

[Discussion Invitation: Hiring People Who Will Stay](#)

[Discussion Guide: Hiring People Who Will Stay](#)

[Discussion Slides: Hiring People Who Will Stay \(optional\)](#)

[Tips for Preparing for and Leading the Discussion](#)

Note: If your team has only a few members with direct reports of their own, consider partnering with a colleague to co-lead this discussion for your combined teams.

Working through the discussion guide can take up to 45 minutes. If you prefer a shorter 15- or 30-minute session, you may want to focus only on those concepts and activities most relevant to your situation.

Discussion 2: Keeping Your Best Employees on Board

For your team members who have direct reports, retaining good employees is a vital skill. When valued employees leave, they take their knowledge and capabilities with them. Such departures can be dangerous in a business world where intellectual capital has grown increasingly crucial. Replacing employees who leave also incurs substantial costs, which can erode the organization's profitability.

Your team members may understand the dangers of defections among their direct reports. But they may not know exactly how best to keep their best employees on board. For example, they may unwittingly ignore signs of burnout in their staff, which can escalate turnover. Or they may believe that when a talented report is considering taking another job, making a counter-offer of higher pay will change his or her mind. Use these resources to lead a discussion with your team about how to replace ineffective practices with strategies that improve retention.

Download resources:

[Discussion Invitation: Keeping Your Best Employees on Board](#)

[Discussion Guide: Keeping Your Best Employees on Board](#)

[Discussion Slides: Keeping Your Best Employees on Board \(optional\)](#)

[Tips for Preparing for and Leading the Discussion](#)

Note: If your team has only a few members with direct reports of their own, consider partnering with a colleague to co-lead this discussion for your combined teams.

Working through the discussion guide can take up to 45 minutes. If you prefer a shorter 15- or 30-minute session, you may want to focus only on those concepts and activities most relevant to your situation.

Start a Group Project

Just like any change effort, successfully incorporating new skills and behaviors into one's daily activities and habits takes time and effort. After reviewing or discussing the concepts in this topic, your direct reports will still need your support to fully apply new concepts and skills. They will need to overcome a variety of barriers including a lack of time, lack of confidence, and a fear of making mistakes. They will also need opportunities to hone their skills and break old habits. To help ensure their success, you can provide safe opportunities for individuals and your team as a whole to practice and experiment with new skills and behaviors on the job.

For example, to encourage the adoption of new norms, you can provide your team members with coaching, feedback, and additional time to complete tasks that require the use of new skills. Management approaches such as these will encourage team members to experiment with new skills until they become proficient.

Group learning projects provide another valuable technique for accelerating team members' development of new behaviors. A group learning project is an on-the-job activity aimed at providing team members with direct experience implementing their new knowledge and skills. Through a learning project, team members discover how new concepts work in the context of their situation, while simultaneously having a direct and tangible impact on the organization.

The documents below provide steps, tips, and a template for initiating a group learning project with your team, along with two project recommendations for this topic.

Download resources:

[Tips for Initiating and Supporting a Learning Project](#)

[Learning Project Plan Template](#)

[Learning Project: Conduct "Stay Interviews" to Improve Retention in Your Group](#)

[Learning Project: Shape Your Team's Microculture to Improve Retention](#)

How Gen Y and Boomers Will Reshape Your Agenda

Sylvia Ann Hewlett, Laura Sherbin, and Karen Sumberg. "How Gen Y and Boomers Will Reshape Your Agenda." *Harvard Business Review*, July 2009.

[Download file](#)

Summary

When it comes to workplace preferences, Generation Y workers closely resemble Baby Boomers. Because these two huge cohorts now coexist in the workforce, their shared values will hold sway in the companies that hire them. The authors, from the Center for Work-Life Policy, conducted two large-scale surveys that reveal those values. Gen Ys and Boomers are eager to contribute to positive social change, and they seek out workplaces where they can do that. They expect flexibility and the option to work remotely, but they also want to connect deeply with colleagues. They believe in employer loyalty but desire to embark on learning odysseys. Innovative firms are responding by crafting reward packages that benefit both generations of workers—and their employers.

Do Your Stars See a Reason to Stay?

Anne Field and Ken Gordon. "Do Your Stars See a Reason to Stay?" *Harvard Management Update*, May 2008.

[Download file](#)

Summary

Career development communication is crucial to retaining talent, and recruiters have this fact in mind when they try to woo your top people. High-performing employees need to know that development opportunities exist within their organizations and that their managers will work with them to make the most of those opportunities. Yet many managers give career development short shrift in their discussions with their high performers. This article features concrete advice from talent-management and retention experts on how to make career development conversations less difficult and more effective—for you and for your employees.

Why Are We Losing All Our Good People?

Edward E. Lawler III. "Why Are We Losing All Our Good People?" *Harvard Business Review*, June 2008.

[Download file](#)

Summary

Is it a sign or just a coincidence that several talented employees have recently left Sambian Partners? The architecture and engineering firm's latest defector refuses to tell the head of human resources, Mary Donillo, why he was unhappy. And the self-administered employee surveys don't reveal much. When CEO Helen Gasbarian gets word of the next possible flight risk, she promotes the employee on the spot. How can Sambian stop the talent drain? Four experts comment on this fictional case study. Anna Pringle, the head of international people and organization capability for Microsoft, thinks that Helen should take a hard look at Mary, who is not safeguarding the firm's talent. Helen must also become an attentive listener. F. Leigh Branham, the CEO of human resources consultancy Keeping the People, thinks that Sambian's employees need a forum in which they can speak openly about their discontent. The candid discussions can expose the "triggering events" that impel people to leave, such as a disconnect between the firm's long-standing focus on innovative design and a more recent concern with profitability. Jim Cornelius, the chairman and CEO of Bristol-Myers Squibb, once faced a potential employee exodus as interim CEO of the pharmaceutical company. He advises Helen to meet face-to-face with her most talented employees and assure them that she understands their concerns and desires. Jean Martin, the executive director of the Corporate Executive Board's leadership council, urges Helen to support a mission and culture to which employees will feel connected. She explains that although people join companies for rational motives, they stay for emotional ones. By the time unhappy workers tell their managers what's going on, it's often too late.